

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 30,670

***R

PARIS, SATURDAY-SUNDAY, SEPTEMBER 26-27, 1981

Established 1887

Solidarity Wins Management Role in Plants

By John Darnton
New York Times Service

WARSAW — In a major step toward economic reform, the parliament passed laws Friday to make factories and enterprises more autonomous and to give workers more power in running them.

The legislation, if carried out, would move Poland away from the orthodox Soviet model of a tightly controlled, centrally planned economy, as liberal economists here have long advocated.

Instead, Poland is adopting the more experimental systems of Hungary and Yugoslavia, with a high degree of workers' participation in industry through elected workers councils. The councils have considerable say in decisions involving production, investment, profits and their own wages.

The adoption of the laws, after months of debate on the topic of workers' self-management also represents a considerable erosion in the power of the Communist Party to name all administrative personnel — a practice called nomenclature that is a mainstay of Communist rule in most East European countries.

Although the compromise arrangement was suggested by Solidarity's national executive, there is no guarantee that the union's full national congress, which meets Saturday, will go along. During the past two days, several regional union leaders have voiced criticism of the compromise, asserting that the union retreated too easily from its earlier position that only workers should have the right to choose managers.

Referendum Demanded

In the first phase of the congress earlier this month, the delegates voted to demand that parliament hold a national referendum on the subject of self-management and threatened to boycott any legislation on the subject that did not take workers' views into account.

The issue could become a test of strength for Lech Walesa, Solidarity's moderate leader, although his prestige is still so immense that few observers believe he would lose. Mr. Walesa and other union leaders will be up for election at the congress.

The two bills on economic reform passed through parliament unanimously, with cheers from the 46 or so deputies assembled in the chamber. It was a public show of unity that gave no indication of an intensive behind-the-scenes struggle Thursday in which the Communist Party attempted to water down the self-management bill.

At a party caucus, the leaders attempted to force changes that would have strengthened the government's hand in drawing up the list of enterprises in which the state alone can determine the management. One change would have eliminated a requirement that the list be drawn up in agreement with the unions, and the other would have stricken a requirement that the enterprises on such a list only be those that are extremely important to the national economy.

In an unprecedented rebellion, however, so many deputies threatened to vote against a changed bill that the party leadership backed down and the version that had been agreed upon with Solidarity.

(Continued on Page 2, Col. 7)

Continent Shifts To Winter Time

BRUSSELS — All European Economic Community member countries move their clocks back one hour this weekend to winter time, except Britain and Ireland which remain on summer time for another four weeks.

This will put EEC countries one hour ahead of GMT, except for Greece which will be two hours ahead.

For the first time, all EEC countries this year changed to summer time on the same day — March 29 — but there is still no agreement on a common date for the start of winter time.

Tass Carries Appeal For Purge in Poland

MOSCOW — The Soviet Union on Friday signaled its growing impatience with the present Warsaw leadership by publishing a call for a return to orthodox Marxism-Leninism in the Polish Communist Party and a purge of its ranks.

A Tass report from Warsaw printed in daily newspapers said the demand was put forward by members of a Marxist-Leninist seminar attached to the Warsaw provincial party organization.

The seminar, in an abbreviated version of a letter reportedly written by a study group attached to the Warsaw district branch of the Polish Communist Party. The letter did not name the officials that the group wanted purged, but their demand appeared to be targeted at Stanislaw Kania, the Polish party leader, and others around him who have followed a policy of negotiation with Solidarity's leaders.

Tass said that the Warsaw group, calling itself a "Marxist-Leninist seminar," was one of numerous party groups and individuals who have issued letters and statements setting "clear and unambiguous demands to stop the extremists and to block the path of counterrevolution" said to have been chosen by Solidarity. The Soviet report did not name any of the other groups.

"We believe that the line of public agreement has turned into a line of confrontation with reaction and counterrevolution, connivance at violations of law and order, and into a line of decomposition of the state and the Socialist economy," the Warsaw group was said to have written. "The struggle for the Communist character of our party and against revisionist and liquidatory trends showing themselves inside it demands first of all a purge of its ranks."

Meeting Urged

The group added: "Enough of the policy of concessions to reaction and counterrevolution; such concessions elevated fascism to power before. We believe that it is necessary to convene immediately a plenary session of the Central Committee of the party which would determine concrete and effective measures to deal with the current situation."

It was the second time this year that Moscow had quoted hard-line Polish Communist groups as calling for Soviet-style orthodoxy and a crackdown on political opponents to replace the liberal course pursued by Mr. Kania.

Western diplomats said there



President Reagan delivering his televised speech on the budget.

Chinese Party Rebukes Writers for Negativism

By Michael Parks
Los Angeles Times Service

PEKING — Hu Yaobang, the new chairman of China's Communist Party, forcefully rebuked the country's writers and artists Friday for dark and negative works and for failing to conform to the party's policies.

Mr. Hu warned intellectuals that the party would not tolerate what it saw as "wrong trends and approaches" to literature and art and declared that its current campaign of criticism would be stepped up against those guilty of "bourgeois liberalism" and other ideological sins.

However, persuasion should be used, Mr. Hu said, to get erring writers to revise or scrap those works found harmful, and mass campaigns, like those Mao launched during the Cultural Revolution, should not be used.

But Mr. Hu's stern speech to more than 6,000 of the country's leading intellectuals on the centenary of the leftist writer Lu Hsun made clear the party's determination to pull them back into line.

Deploping "certain unhealthy, negative features which harm the people," Mr. Hu said that the party had made "many new proposals for enriching our literature and art" more than 18 months ago but that "unfortunately, writers and artists have not paid sufficient attention to these proposals."

The party leadership is evidently prepared to do now with public criticism and political pressure what it failed to do with "cordial discussions."

The task of such criticism is to

Mexico Budget Minister Proposed as President

MEXICO CITY — Leaders of Mexico's ruling Institutional Revolutionary Party Friday proposed the planning and budget minister, Miguel de la Madrid Hurtado, as presidential candidate in next year's elections.

The party has never lost a presidential election since it came to power in 1929. If Mr. de la Madrid's candidacy is confirmed by a party convention, he is almost certain to succeed President José López Portillo whose six-year term ends in December, next year.

"root up the weeds and water the flowers," Mr. Hu said quoting Lu Hsun, who died in 1936 and is being honored as modern China's greatest writer. "Without criticism, literature and art can make no progress. Critics should have a clear sense of right and wrong, affirming what is right and pointing out what is wrong...."

The most likely target of this criticism will be those works that have cast doubt on Socialism or the leadership of the Communist Party, two unquestionable tenets of the Chinese political system, and perhaps as well works that fail to motivate Chinese and give them enthusiasm for the country's ambitious modernization drive.

Victims of Radicals

Without naming specific writers or artists, Mr. Hu said, "Their works are what Lu Hsun described as the literature of complaints and discontent. Lu Hsun, living in dark old China, declared incisively that if a nation has only a literature of complaints and discontent, there was no hope for it."

Mr. Hu acknowledged that some intellectuals, persecuted during the Cultural Revolution and earlier radical campaigns, felt "somewhat resentful," but they could not be permitted, he said, to carry this into their work where it would influence many people. Others "persist in their erroneous writing because they lack a correct understanding" of China, its needs and the historical reasons for its adoption of Socialism.

These and others had a choice of following the party's leadership or, it appears from Mr. Hu's speech, silence.

What writers, artists and all Chinese intellectuals must remember, Mr. Hu said, is that here politics come first, and everything is subordinated to politics. There is no art for art's sake, no literary or artistic creation that springs solely from a writer's or artist's own inspiration.

"Literature and art must describe society accurately and forcefully and in turn influence society to deepen and broaden the revolution and impel society forward," Mr. Hu declared. "If we allow weeds and flowers to grow together without the requisite struggle, there is bound to be chaos in our literature and art."

Reagan Asks More '82 Cuts

Plan to Delay Social Security Raise Abandoned

By Lee Lescaze
Washington Post Service

WASHINGTON — President Reagan has abandoned his intention to lead the politically treacherous effort to restore Social Security to fiscal health, but in what he called a difficult and painful but essential effort toward his goal of balancing the budget by 1984, proposed \$13 billion in U.S. government spending cuts and \$3 billion in new revenues through elimination of tax abuses.

In a nationwide broadcast

Thursday night, the president backed away from the delayed Social Security benefit increases he had proposed and threw a challenge to Democrats who control the House of Representatives to join in a bipartisan search for a solution that would "remove Social Security once and for all from politics."

Mr. Reagan said in his speech, televised from the Oval Office, that "the important thing now is to hold to a firm, steady course" on the budget. While he said that his

new cuts kept alive the prospect of his oft-stated goal of a balanced budget by 1984, his address was strewn with indications that the political course to that goal is becoming more turbulent.

Entitlement Programs

He proposed saving \$8.4 billion in fiscal 1982, which starts next Thursday, by a 12-percent across-the-board cut in nonmilitary appropriations based on his March budget request. But since Congress exceeded his requests on appropri-

ations for some programs, some of these new cuts would end up much larger than 12 percent and would reopen bitter battles on Capitol Hill.

Cuts from military appropriations would total \$2 billion, as previously announced.

Mr. Reagan also proposed cuts in the more or less automatic benefit or entitlement programs in the budget not subject to the appropriations process. He said that these would save \$2.6 billion in 1982 and \$15 billion by 1984, but that they will not be spelled out until later this fall.

Even these unspecified cuts, however, seemed to promise slices in programs that Mr. Reagan told Congress in his first budget speech Feb. 18 would be immune — the programs he called "the social safety net."

[After meeting with Mr. Reagan on Thursday afternoon, Gov. Richard Snelling of Vermont had said that the president would announce budget cuts totaling \$16 billion, a figure that proved erroneous.]

In addition to the entitlement cuts and the 12-percent decrease in appropriations, Mr. Reagan proposed:

• Reduction of the nondefense federal payroll by about 75,000 (Continued on Page 8W, Col. 5)

Goal of Balanced Budget by 1984 Collides With Political Realities

By Steven R. Weisman
New York Times Service

WASHINGTON — For weeks, President Reagan's advisers have been saying that Thursday night's economic message would display the administration's resolve to balance the U.S. government budget by 1984.

Recent political realities transformed the speech into a demonstration of something else: The resolve may still be there, but many of the steps that experts say will be necessary to achieve the goal of a balanced budget will have to be addressed later.

Almost \$3 billion of Reagan's new target of \$13 billion in spending reductions for the 1982 fiscal year, for example, is to be carried out in changes in formulas for Medicare, Medicaid, welfare, food stamps, subsidized housing, pensions, student loans and other "entitlement" programs that benefit the poor.

But there were no specifics on these only a promise that "a comprehensive proposal" for reform would be produced soon by an administration task force.

The entitlement formulas are key because, by Mr. Reagan's calculation, they will also account for \$25 billion of the \$75 billion in cuts estimated as necessary after next fiscal year to close the federal deficit by 1984. And yet Mr. Reagan's advisers have long been aware that these will likely be the most difficult political to enact from a Congress growing more and more divided over the essential fairness of the Reagan economic program.

Another politically explosive issue not addressed in detail was Social Security. Mr. Reagan's budget targets have always assumed that Congress would reduce projected Social Security benefits by \$48 billion during the next five years. But Congress dramatically rebuffed Mr. Reagan on the proposed cuts-back he submitted earlier in the year, particularly proposals for reducing future retirees' benefits.

Thursday night, Mr. Reagan said that "our feet were never embedded in concrete" on his original Social Security package, and he appealed to Democrats to join him

The prospect of such a study seems shaky, however, since Democrats firmly reject the premise that the Social Security system is as insolvent as the president asserts.

NEWS ANALYSIS

In appointing a bipartisan study group to "review all the options and come up with a plan that assures the fiscal integrity of Social Security."

For all its deferral of key issues, Mr. Reagan's speech seemed filled with details of various other proposals being presented to reduce the budget deficit to his original target of \$42.5 billion in 1982 and (Continued on Page 8W, Col. 5)



FREEDOM — Three Armenian commandos who took over the Turkish consulate in central Paris surrendered early Friday morning and released more than 50 hostages. A woman freed by the terrorists is shown being escorted to a bus by a plainclothes policeman. Story, Page 2.

Israeli Sinai Squatters Vow to Resist Ouster

Official Inaction Seen Encouraging Opposition to Egyptian Return

By William Claiborne
Washington Post Service

TALMEI YOSEF, Sinai — Tumbleweeds roll through the deserted streets of this forlorn Jewish settlement, giving it an atmosphere of a ghost town.

The skeletal remains of greenhouses protrude from the sand dunes. Shattered windows of the prefabricated homes give evidence of break-ins by Bedouins.

But the appearance of desolation is an illusion. Even though the settlement is on land that is to become part of Egypt in seven months, Talmei Yosef is gradually becoming something of a boom town of ultranationalist Jewish squatters determined to sabotage the Egyptian-Israeli peace treaty before allowing the scheduled Israeli withdrawal April 28 from the last third of the Sinai.

Sixteen families, many of them West Bank settlers, have recently moved into abandoned homes in nearby Yamit to prepare for a stand against evacuation. Another 15 families have moved into Talmei Yosef, a dozen took over derelict houses in neighboring Atzmona and militant settlers say they plan to move 300 families into other vacated buildings.

'Last Stand'

The Israeli government, amid wishes of Jewish soldiers battling with Jewish settlers in a forcible evacuation, seems paralyzed with inaction as more and more treaty opponents dig in for what they call their "last stand."

The settlers, encouraged by the government's apparent ambivalence, now say they will place militant squatters in every house in the Sinai that is evacuated. They say that when a showdown approaches, they will marshal 20,000 demonstrators to physically prevent a turnover of the last portion of the Sinai.

"If God forbid, the day comes when they come to take me out, I don't know what I'll do. It's such an emotional thing. We just hope people will wake up and see what a disaster the peace treaty is heading us into," said Avia Luz, a psychologist who moved here three weeks ago with her husband and three children.

Mrs. Luz said she closed up her house in Kiryat Malachi, a Negv development town in Israel, and settled in an abandoned house here because of her conviction that President Anwar Sadat of Egypt does not intend to live in peace with Israel.

"If the intentions of peace are so great in Egypt, why do they persist in demanding the evacuation of so many people from such a tiny area? They can have 99 percent of the Sinai, but let us have our small tomato patches. I

don't believe tomatoes are a danger to peace," Mrs. Luz said.

The area has been under Israeli occupation and control since 1967, when Israel captured the Sinai Peninsula during the Six-Day War. The squatters argue that historically the Sinai is part of Eretz Israel (the Land of Israel).

While most of the approximately 4,000 set-

• Israel, Egypt and the U.S. agree to focus on easy issues in Palestinian talks. Page 2.

tlers in northern Sinai are prepared to grudgingly accept state compensation and leave, a growing number of militants are demanding that Prime Minister Menachem Begin abrogate the treaty.

Fearing that some of the settlers say they are prepared for a violent confrontation and a few

INSIDE

Chemical Warfare Inquiry

In a decision regarded as politically charged, a United Nations panel of experts has decided it must visit four Asian countries to determine the accuracy of American charges that the Soviet Union and its allies are using chemical weapons. Page 3.

S. Korean Prisoners

South Korea says it is holding 3,000 people, without trial or indictment, under a law that allows the state to hold prisoners in "protective custody" for years after only a judicial review. Page 3.

Fears in Subcontinent

Western and Asian diplomats in New Delhi fear that the process of "normalization" of relations between India and Pakistan has suffered a severe setback because of the U.S. decision to rearm Pakistan. Page 3.

WEEKEND

Mrs. Simonon's Turn

Four years after the author Georges Simonon gained a degree of notoriety by saying he had had affairs with 10,000 women, his estranged wife has written a first novel about a man making just such a claim. "I wrote the book because the desire to express myself was growing," says Denise Simonon. An article in Weekend, Page 5W.

have even threatened to take up arms against Israeli soldiers who try to remove them.

"I've been in three wars and I'm not afraid of bullets. They won't take me here alive if they don't come to terms with me," said Yosi Sela of Yamit.

So far, the opposition has rarely gone beyond strong talk, but last week a smoke bomb was hurled at one of Mr. Begin's aides when he visited Yamit and two other government negotiators have been chased out of town by angry settlers. The car of an official was burned and employees of a local office of the Housing Ministry had to escape through a window when they were besieged by residents.

But most of the holdouts who have organized under the Stop the Sinai Withdrawal movement, which grew out of the ultranationalist Gush Emunim settlement group, say they believe they can avoid bloodshed by forcing the government to capitulate under the threat of a violent confrontation.

No minister, including Mr. Begin, has suggested a forcible removal of the squatters.

In a remarkable joint television appearance last week, the defense minister, Ariel Sharon, and Simcha Ehrlich, who is agriculture minister and deputy premier, angrily called upon each other to do the job if it comes to that. Finally, Mr. Sharon said, "when the time comes, it will be possible to persuade them to evacuate."

Threat to Begin

The situation is so volatile and emotionally charged that some officials have said privately that it is the only issue that could undo Mr. Begin's narrow parliamentary coalition and bring down the government. The militant settlers are not unmindful of the grip they have on the government.

Ella Weizman, a resident of the nearby Sadot settlement said: "They will have to say to Sadat, 'Look, we have a problem here. It can't be done.' The world took us for granted that Israel would evacuate the Sinai as promised, but the world didn't understand how strongly Israelis feel about their roots in the Sinai. It would be the first time Jews evacuated Jews. Others have evacuated Jews throughout Jewish history, but Jews have never done it to themselves."

Rabbi Yisrael Ariel, who runs a yeshiva in Yamit and who heads a militant group called Maaz, said members of his movement are prepared to die for Yamit.

"I say we must be ready to die, not kill. We will not fight Jewish soldiers. But whoever wants to take us out of our homes will have to take us out dead," Rabbi Ariel said.

O'Connor Joins U.S. High Court

Sandra Day O'Connor was sworn into office on Friday, becoming the U.S. Supreme Court's first woman justice and its 102d member. In the oath administered in Washington by Chief Justice Warren E. Burger, at right, she vowed to "do equal right to the poor and to the rich." The 51-year-old former Arizona legislator and appeals court judge received Senate confirmation Monday.



The Associated Press

West Germany Reported to Reject Saudi Request to Purchase Arms

By John Vinocur
New York Times Service
BONN — The West German government has effectively dropped consideration of requests by Saudi Arabia to purchase a series of weapons, including the Leopard-2 tank, an authoritative source said.

The source said Thursday that after long consideration it was now clear that the deal had insufficient backing in both the parties of the government coalition, the Social Democrats and the Free Democrats.

The government, he said, was facing a sustained battle over deployment of new middle-range nuclear missiles and felt that it would be squandering its strength to attempt to deal with a second major issue involving arms, international security and emotional public debate.

"It's been obvious for a while that the momentum wasn't there," the source said. "Now the problem is explaining it to the Saudis."

Parallels With AWACS

In a debate that had some parallels with the current discussion in the United States over the sale of AWACS surveillance aircraft to Saudi Arabia, a number of West German officials and businessmen have argued that refusing the Saudi request would have disastrous effects on relations between the two countries.

Opponents of the deal said that the Saudi requests involved more prestige than actual defense considerations and that excellent relations had not previously been based on arms sales. An agonizing element for many Germans throughout the discussion was the possibility that the weapons might be used against Israel and the survivors of the Nazi attempt to liquidate the Jews.

The deal involved a Saudi request for hundreds of millions of dollars of weapons.

The exact Saudi requirements were never made public, but West German government sources said they included hundreds of Leopard-2 tanks, Gepard anti-aircraft vehicles and Marder armored vehicles.

The Leopard tanks are extremely complex weapons that are considered difficult to master even by the most experienced West German tank crews. The Leopards

would have provided the Saudis with mobile anti-aircraft protection.

Chancellor Helmut Schmidt argued in favor of the deal. However, opposition to it within the Bundestag, the parliament, was such by April that he was forced to tell the Saudi leadership during a visit to Riyadh that it was "not feasible" for West Germany to alter its policy of refusing to sell arms to any Middle Eastern country.

Review of Policy

At that time, Mr. Schmidt said there would be a review of West German arms sales policy. An associate of the chancellor, talking to a reporter on the chancellor's plane returning from Saudi Arabia to Bonn, asserted that "the deal is not foreclosed. It is in an intermediate phase."

The authoritative source said that the guidelines growing out of the current review would likely be stricter than those now in effect, which rule out arms exports to countries considered to be in "crisis zones."

The decision meant, he said, that West Germany would have to be particularly restrictive in its actions in the future in order to continue to appear evenhanded to the Saudi Arabians. It appeared possible, he continued, that either Britain or France, which have sold weapons to Saudi Arabia in the past, would be able to fill the arms gap.

One of the reasons for the Saudi interest in West German weapons was said to be a desire to avoid apparent dependence on the United States.

But many left-wing members of the chancellor's party, who want West Germany to stay as far away as possible from any involvement outside Europe, saw the weapons deal as the first step toward bringing West German ships and troops into the Gulf.

After some secret contacts with some of the parties involved, Sen. Baker met with Mr. Reagan at the White House early Thursday and then went to the Capitol, where he began detailed discussions with Prince Bandar, son of the Saudi defense minister, Prince Sultan bin Abdul Aziz.

Also at the meeting in Sen. Baker's office were Mr. Reagan's national security adviser, Richard V. Allen; and Republican Sen. John G. Tower of Texas, chairman of the Armed Services Committee and a strong backer of the sale.

At midday, Sen. Baker and Prince Bandar returned to the White House, where the president is understood to have told the prince that he believes the sale is in the interests of both countries.

In the afternoon, Sen. Baker met at the Capitol with Ambassador Ephraim Evron of Israel to discuss what safeguards might induce Israel to drop or moderate its opposition to the sale.

Apparently, the afternoon's key event was a long meeting in the office of Democratic Sen. John H. Glenn Jr. of Ohio, the Senate's most vocal proponent of the United States retaining joint control of the AWACS planes.

Sen. Glenn said he will not vote for the sale in its present form. If a compromise acceptable to him could be reached, his support would have great influence on many other senators who have endorsed his call for joint U.S.-Saudi control.

Sen. Baker's task was to find a means of reassuring skeptical senators that the AWACS planes would not be used in ways that would jeopardize the security of Israel, which Saudi Arabia regards as its enemy, and that the equipment's highly secret radar and computers would be protected

from falling into the hands of U.S. foes.

Whether the deal will prove acceptable to the Saudi Arabians was not immediately clear, and the source said it must be explored further in the next few days during negotiations with the Saudi Arabians and with senators who have expressed reservations about the sale.

According to the sources, failure to reach a compromise on the question of "control" seems certain to ensure that Congress will hand President Reagan a stunning foreign policy defeat by blocking his proposed \$8.5-billion sale of the AWACS planes.

There already appears to be a solid majority against the sale in the Democratic-controlled House, and, as of Thursday, more than half of the Republican-majority Senate was known to be leaning against the deal. A negative vote by both houses would kill the sale.

In hopes of reversing the numbers in the Senate, the administration, it was learned Thursday, secretly asked Sen. Baker several days ago to seek a compromise that would allow Mr. Reagan, with Saudi approval, to back away from his public stance that no major changes can be made in the sales package.

Sen. Baker's task was to find a means of reassuring skeptical senators that the AWACS planes would not be used in ways that would jeopardize the security of Israel, which Saudi Arabia regards as its enemy, and that the equipment's highly secret radar and computers would be protected

from falling into the hands of U.S. foes.

After some secret contacts with some of the parties involved, Sen. Baker met with Mr. Reagan at the White House early Thursday and then went to the Capitol, where he began detailed discussions with Prince Bandar, son of the Saudi defense minister, Prince Sultan bin Abdul Aziz.

Also at the meeting in Sen. Baker's office were Mr. Reagan's national security adviser, Richard V. Allen; and Republican Sen. John G. Tower of Texas, chairman of the Armed Services Committee and a strong backer of the sale.

At midday, Sen. Baker and Prince Bandar returned to the White House, where the president is understood to have told the prince that he believes the sale is in the interests of both countries.

In the afternoon, Sen. Baker met at the Capitol with Ambassador Ephraim Evron of Israel to discuss what safeguards might induce Israel to drop or moderate its opposition to the sale.

Apparently, the afternoon's key event was a long meeting in the office of Democratic Sen. John H. Glenn Jr. of Ohio, the Senate's most vocal proponent of the United States retaining joint control of the AWACS planes.

Sen. Glenn said he will not vote for the sale in its present form. If a compromise acceptable to him could be reached, his support would have great influence on many other senators who have endorsed his call for joint U.S.-Saudi control.

Sen. Baker's task was to find a means of reassuring skeptical senators that the AWACS planes would not be used in ways that would jeopardize the security of Israel, which Saudi Arabia regards as its enemy, and that the equipment's highly secret radar and computers would be protected

Socialists Condemn N-Weapons

PARIS — Socialist leaders from 43 countries on Friday condemned the production of neutron weapons.

A two-day conference of the Socialist International also called for the elimination of Soviet SS-20 missiles as well as Pershing-2 and Cruise missiles that NATO plans to station in Europe by the end of 1983 in answer to the Soviet weapons.

The group said it opposed both present deployment and future introduction of these medium-range missiles.

"The Socialist International also rejects the manufacture and deployment of the neutron bomb," a resolution said. However, the meeting, chaired by former West German Chancellor Willy Brandt, failed to agree on a proposal to condemn President Reagan specifically for his decision to go ahead with production of the neutron warhead.

The resolution did not mention a recent decision by France to develop its nuclear arsenal and to continue study of neutron weapons.

The conference also supported France's and Mexico's recognition of guerrilla groups trying to overthrow the ruling junta in El Salvador.



French Socialist President Francois Mitterrand greeting former West German Chancellor Willy Brandt after hosting a lunch at the Elysee Palace for members of the bureau of Socialist International. The bureau, presided over by Mr. Brandt, concluded a two-day session Friday in Paris.

Armenian Gunmen Free Over 50 Hostages And Surrender at Paris Turkish Consulate

PARIS — Three Armenian terrorists demanding the release of Armenian prisoners in Turkish jails surrendered early Friday after holding more than 50 hostages for 15 hours in the Turkish Consulate in central Paris.

A fourth terrorist had given up hours earlier after he was wounded. The French government said those responsible for the siege would be brought to trial.

Police were questioning the four men, ranging in age from 20 to 30 years old, two of whom were wounded in the attack Thursday along with the Turkish deputy consul. A Turkish security guard was killed.

The police said the gunmen were Lebanese of Armenian descent. They were members of the Armenian Secret Army for the Liberation of Armenia, a group that has claimed more than 200 bombings and assassinations worldwide, most directed at Turkish targets. They say they are avenging the massacre of an estimated 1.5 million Armenians in Turkey in 1915.

The first estimate of the number of hostages was about 40, but after the gunmen surrendered, authorities said there had been more than 50.

Interior Minister Gaston Defferre confirmed that political asylum had been agreed to during the siege to calm the gunmen. But he said they would be tried on criminal charges.

The External Relations Ministry said earlier that the gunmen would not be granted political-refugee status, adding that their action was "an unacceptable attack on elementary human rights." A spokesman said the only guarantee the terrorists received was that their lives would be spared.

Asked about the seizure in a radio interview, Mr. Defferre said: "It was a question of whether one wanted the situation to finish with a bloodbath or without serious consequences. The terrorists asked for asylum. If we had refused it, they would have been desperate men and this morning, instead of having finished with a minimum of breakage, we might have ended with 10, 20, 30 or 40 dead."

Armed with pistols, a submachine gun and hand grenades, the men had seized the consulate on the Boulevard Haussmann and everyone in it Thursday morning. They said they were "suicide commandos" of the Secret Army.

The four had demanded the release of Armenian political prisoners in Turkey along with two Armenian religious figures, five Turkish revolutionaries and five Kurdish revolutionaries. Turkey maintains it has no political prisoners.

The External Relations Ministry expressed its apologies to Turkey and said the government would not tolerate further terrorism in France.

A group called Armenian Liberation denounced the French decision, saying the gunmen were betrayed after negotiating in good faith.

"Political asylum was agreed between the members of the commando and police anti-gang squad chief Robert Brossard, but he lied, and the commando is being interrogated like criminals to break its organization," a spokesman for the group told a press conference in Paris.

The security guard was the third Turkish official to die in Paris this year. In March, two Turkish diplomats were slain.

Shamir Holds 'Useful' Talks With Gromyko in New York

By William Claiborne
Washington Post Service
JERUSALEM — Foreign Minister Yitzhak Shamir said Friday that his meeting Thursday night with Foreign Minister Andrei A. Gromyko of the Soviet Union — the first Israeli-Soviet dialogue in five years — was "very useful" but that he did not expect a resumption of relations between the two countries in the near future.

"We haven't made any arrangements. It was an exchange of views and positions and without any practical conclusions," Mr. Shamir said in an interview from New York with Israeli radio.

Nevertheless, the meeting in New York reflected significant shifts from a policy advanced during Moshe Dayan's tenure as foreign minister, which discouraged any initiative by Israeli diplomats to meet with Soviet officials but permitted contact initiated by the Russians.

Mr. Shamir said that, in the 90-minute meeting, he and Mr. Gromyko discussed Middle East peace prospects, U.S.-Israeli relations, emigration of Soviet Jews and the imprisonment of Soviet Jewish dissidents.

On the question of the Arab-Israeli conflict, there is a gap between us and them in our assessment, in our positions, but it was interesting for me to listen to their positions and arguments and I think it was important for me to explain our views about the peace process, about prospects for peace," Mr. Shamir said.

When asked why he decided to initiate the meeting, which took place in the Soviet mission, Mr. Shamir replied, "Now it's an opportunity in the United Nations, when every minister of a country meets his colleagues from other countries. It is the best occasion to meet here a minister of the Soviet Union with whom we have so many problems to discuss."

In February, 1953, the Soviet Union broke diplomatic relations with Israel, ostensibly because of an attack on the Soviet Embassy in

Easiest Issues Lead Talks on Palestinians

By Norman Kempster
Los Angeles Times Service
CAIRO — Israeli, Egyptian and U.S. negotiators have adopted an easiest-issues-first strategy intended to break the stalemate on Palestinian autonomy with a few modest successes.

In a communiqué after two days of talks, the three delegations said Thursday that the question of autonomy for Palestinian residents of the Israeli-occupied West Bank of the Jordan River and Gaza Strip would be turned over to a "working team" from the three nations that was instructed to tackle the outstanding issues.

The emphasis, however, will be on matters that are most likely to produce agreement. The working team was instructed to give its priority attention to those issues which show the greatest promise of early resolution," the communiqué said.

At a press conference, neither Egyptian Foreign Minister Kamal Hassan Ali nor Israeli Interior Minister Yosef Burg would cite any such easy issues. But they made it clear that such emotional issues as the future of heavily Arab East Jerusalem and the status of Jewish settlements in the occupied territories would be placed on the back burner.

Diplomatic sources said the Cairo talks broke through a structural impasse that had made progress all but impossible during the negotiations that preceded a total break 16 months ago. One source said the delegations adopted "a very much more flexible procedural approach."

Nevertheless, the three sides are still far from their objective of establishing a system of limited self-government for the Palestinians who live in the West Bank and Gaza territories, which Israel seized during the Six-Day War of 1967.

David Kimche, director-general of the Israeli Foreign Ministry, said there remain "approximately 15 major subjects on which there is disagreement." He cited, as examples, such questions as the source of authority for the self-governing council, the size of the council and whether it would be empowered to make laws.

However, Mr. Kimche said Israel hopes to accelerate the pace of the negotiations and was eager to "reach agreement at least on general principles."

Egypt has sought all along to work on broad generalities while shunning the details, at least for a time.

U.K., Italy Move At IAEA Meeting To Censure Israel

VIENNA — A second, milder censure motion against Israel was submitted to the International Atomic Energy Agency on Friday for Israel's bombing of an Iraqi nuclear plant. The motion by Italy and Britain would merely condemn Israel for its air raid against the plant June 7.

On Thursday, four Arab nations introduced a stronger resolution urging Israel's suspension from the UN-backed agency. David Ranen, the second-ranking member of the Israeli delegation, said he expected both resolutions to be voted on Saturday, one day after the conference was originally expected to end.

There were indications that Iraq would try to amend the first resolution to call for Israel's ouster. Any move to suspend Israel would need two-thirds approval of the conference. Most of the Third World — except, perhaps, Latin America — was expected to vote against Israel.

HARRY'S N.Y. BAR
Est. 1911
5 Rue Daunou, PARIS
Just left the taxi driver
"sans roue des roues"
or
Folkentum Str. 9, Munich.

WORLD NEWS BRIEF

Mass Graves of 66,000 Found in Cambodia

BANGKOK — Mass graves containing 66,000 people reportedly massacred by the Khmer Rouge have been discovered, Cambodia's official news agency reported Friday.

Travelers arriving from Phnom Penh said that they were told in the Cambodian capital that the graves had been found scattered in three different provinces in the country. The report, monitored in Bangkok, did not say when the graves were found. It called them "mass graves containing tens of thousands of victims of summary executions."

It said the graves of 66,000 people were in Takeo, Kampot and Kandal provinces, all areas generally under Khmer Rouge control from 1973 to December, 1978. The Khmer Rouge regime is believed responsible for at least hundreds of thousands of deaths during its rule.

Yugoslavia's Kosovo Area Replaces 2 Leaders

BELGRADE — The parliament of Yugoslavia's Kosovo province replaced its chairman, Dusan Ristic, and provincial Premier Bahri Oruchi on Friday, apparently ending purges in the leadership stemming from pro-Albanian riots last spring.

At its session in the provincial capital of Pristina, the Kosovo parliament adopted "resignations" of Mr. Ristic and Mr. Oruchi. Tija Vukovic, 51, a longtime Kosovo Communist Party official and president of the Yugoslav Economic Chamber in Belgrade, replaced Mr. Ristic. Riza Sapundzija, 56, an economist, succeeded Mr. Oruchi.

The personnel changes virtually completed a cleanup drive in the Kosovo leadership after the anti-Yugoslav riots by ethnic Albanian extremists in March and April left at least nine dead and more than 250 injured in Pristina and throughout Kosovo, which is populated mostly by Yugoslav Albanians.

Britain's Sunday Times Suspends Publication

LONDON — The Sunday Times suspended publication Friday in a dispute with pressmen who refused to sign a pledge not to disrupt production of the newspaper, Managing Director Gerald Long said.

"There will be no paper on Sunday," Mr. Long said after a 4 p.m. deadline for signing set by publisher Rupert Murdoch had passed. "We have told the editorial staff to stop sending send copy to the printers."

Mr. Murdoch on Thursday authorized the suspension of pay to the entire 1,400 members of the staff of the Sunday Times unless the union signed the pledge. The dispute concerns a National Graphical Association claim for extra manning and pay in the machine room.

West Berlin Stores Are Damaged by Firebombs

BERLIN — A series of firebomb attacks, apparently in reprisal for police efforts to force out squatters, damaged stores, a city transport office and a police station overnight, West Berlin authorities said Friday.

Police said youths smashed windows and hurled firebombs inside a store in the Kreuzberg district, the center of the squatter movement. An explosion was reported at a transport office in the Steglitz area, but caused no damage.

In Kariarthe, West Germany, police sealed off the market square for an hour after a woman found an unexploded bomb on a public stairway. Experts defused the homemade device, police said. About 50 youths rampaged through the city center in the early hours of the morning, smashing windows of businesses, police said. Three arrests were made.

Mitterrand Flies to Saudi Arabia for 3-Day Visit

PARIS — French President Francois Mitterrand flies to Saudi Arabia on Saturday on a mission that he hopes will help improve the prospects for an overall settlement in the Middle East.

In talks with King Khalid over the weekend in the royal summer capital of Taif, Mr. Mitterrand intends to explore details of a peace plan put forward last month by Saudi Crown Prince Fahd, who runs his country's day-to-day affairs.

On Thursday, at his first news conference as president, Mr. Mitterrand hailed the plan, which incorporates elements of UN resolutions on the Arab-Israeli conflict, as "one of the most positive factors to emerge in recent years" for the Middle East. The three-day visit is Mr. Mitterrand's first foreign state visit since he was elected in May.

Italian Budget Includes Spending Cuts, Tax Rise

ROME — The Italian government on Friday approved a 1982 budget including controversial cuts in health and pension spending and a moderate tax increase. Disputes over the budget have divided the five-party coalition of Premier Giovanni Spadolini, leading some Italian newspapers to predict a government crisis and early elections by spring.

The budget approved by the Council of Ministers, or Cabinet, must be approved by both houses of the Parliament. The council approved spending cuts of 9.7 trillion lire (about \$8 billion) and increases in indirect taxes of 1.2 trillion lire to bring down the budget deficit to 50 trillion lire, Mr. Spadolini said.

But Treasury Minister Beniamino Andreana, who spoke at a separate news conference on the budget, said the deficit would be 55 trillion lire, including investment spending of 5 trillion lire to create jobs.

Khomeini Gives Up Power Over Judicial Council

ANKARA — Ayatollah Ruhollah Khomeini empowered Ayatollah Ashiq Montazari on Friday to appoint Iran's Supreme Judicial Council, Tehran Radio reported. The move was a significant surrender of authority by Ayatollah Khomeini, who, however, retains the military command and powers to decree the dismissal or election of a new head of state.

The revolutionary leader's brief decree, authorizing Ayatollah Montazari "to take any measures that you deem appropriate" to appoint members of Iran's highest judicial body, firmly indicated for the first time that Ayatollah Montazari, leader of the Religious Sciences Circle in Qom, was poised to succeed Ayatollah Khomeini as the country's spiritual head.

Tehran Radio reported meanwhile that 29 more dissidents had been executed. There were also reports from Tehran that schoolgirls trying to enter Iran's segregated classrooms were being turned away unless they wore ankle-length gowns and covered their heads with scarves.

Polls Favor Healey to Beat Benn for Labor Post

LONDON — Opinion polls Friday predicted that Denis Healey would defeat left-winger Tony Benn on Sunday for the deputy leadership of Britain's divided Labor Party.

Four polls published in newspapers showed that between 61 and 46 percent of those questioned preferred Mr. Healey, 64, a former finance and defense minister, to Mr. Benn, 56.

The election in Brighton, at the start of Labor's annual conference, is likely to determine whether the party, formed in 1900 as the political arm of the union movement, will cling to its tradition of moderate reform or will back Mr. Benn's more radical Socialism.

Solidarity Gains the Right To Plant Management Role

(Continued from Page 1)

In other action Friday, the parliament passed a resolution condemning anti-Soviet activity but emphasizing that Poland must solve its problems by itself. It also dismissed the minister of construction and building materials, Jerzy Brzostek. His ministry has long been criticized for inefficiency and corruption.

Meanwhile, Poland's official news agency, PAP, said Friday that the Solidarity congress faced historic responsibility for the country's future. "Without any exaggeration, an historic responsibility for the fulfillment of hopes and the striving of threats rests upon the delegates to the Solidarity congress. That will be possible if reason takes precedence over emotions. . . . If the political ambition of individuals give way to the aspirations of the entire union," PAP said.

Hijacking Foiled

WARSAW (AP) — Authorities foiled the second attempt in week to hijack a plane of the Polish airline LOT, the news agency PAP reported Thursday. The agency said that a "gang that was planning to hijack a plane on a domestic

To brunch or not to brunch is not the question for le Prince de Galles

The musical brunch au Prince de Galles is a must which offers shredded wheat à la Surrey, assorted Danish pastries, smoked sturgeon, smoked salmon, scrambled eggs aux flûtes, crab beignets, Yorkshire sausages, leg of lamb steak, Caesar's salad, cottage cheese with fruit salad, cheesecake, strawberry shortcake, champagne

by Besserat de Bellefon, etc. etc..

140 F. p.p.

Tax, service and half bottle of Champagne included. Saturday and Sunday, with music from 11.30 a.m. to 2.30 p.m.

Hôtel Prince de Galles
33, avenue George-V, Paris

Reserve your table at 723.55.11

A Grand Metropolitan Hotel

NEW YORK'S
HOTEL CARLYLE
MADISON AVENUE AT 76TH ST.,
NEW YORK 10021
CABLE: THECARLYLE NEWYORK,
TELEX: 620692

HARRY'S N.Y. BAR
Est. 1911
5 Rue Daunou, PARIS
Just left the taxi driver
"sans roue des roues"
or
Folkentum Str. 9, Munich.

UN Investigators to Visit 4 Asian Nations Accused of Using Chemical Weapons

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — A United Nations panel of experts has decided that it must visit four Asian countries to determine the accuracy of U.S. charges that the Soviet Union and its allies are using chemical weapons, according to officials here.

The experts' decision to go to Afghanistan, Laos, Thailand and Pakistan, reported on Thursday, is regarded as crucial and politically charged. So far the panel has had to rely on second-hand reports, mostly by the United States, and

has tentatively decided they are inconclusive.

Only a visit on the spot to interview possible victims and doctors who have examined them can establish the veracity of Washington's accusations, officials said. The panel, however, has received no replies to its month-old letters asking permission to make an inquiry at the reported sites. Its efforts may be frustrated by the refusal of some or all of the four countries to admit the team.

Earlier this month Secretary of State Alexander M. Haig Jr. renewed the charge about the use of

chemical agents, asserting that analyses of leaves and stems found near Thailand's border with Cambodia had revealed mycotoxins, agents that cause nausea, vomiting, shock and death.

Visit Urged

The chief U.S. delegate to the United Nations, Jeane Kirkpatrick, then urged the experts to visit the site. The experts' decision to do so, however, had been made weeks before Mrs. Kirkpatrick's request, officials said.

The Soviet Union and its allies of Vietnam, Laos and Afghanistan

have strongly opposed the inquiry. They voted last year against a General Assembly resolution directing Secretary-General Kurt Waldheim "to carry out an impartial investigation with the assistance of qualified medical and technical experts."

The resolution contained a loophole that the panel is trying to close. The document said Mr. Waldheim's team should collect evidence on the spot "with the consent of the countries concerned" and "to the extent relevant to the purposes of the investigation."

The panel could not ask the four

Asian nations for permission to inspect on the ground without Mr. Waldheim's approval. This might have placed him in an awkward position. He needs U.S. and Soviet support to win an unprecedented third term as secretary-general.

Off the Spot

A combination of UN organizational arrangements and politics took Mr. Waldheim off the spot. The experts' panel works under the United Nations Center for Disarmament, and the center reports to the Department of Political and Security Council Affairs, tradition-

ally headed by a Soviet official. So the current head, Vyacheslav A. Ustinov, had to approve the panel's decision before it went to Mr. Waldheim.

The Soviet-led department has been accused by aides of not acting on recommendations it does not like. But in this case Mr. Ustinov was in a difficult position. Third World nations have been pressing to free the disarmament unit from its Soviet overseer and have its report directly to Mr. Waldheim. So diplomats believe that Moscow told Mr. Ustinov to approve the experts' plea to ease the pressure to separate the disarma-

ment group from Soviet direction. Mr. Ustinov's approval, in turn, relieved Mr. Waldheim of a hard decision.

The panel's chairman is Maj. Gen. Esmat A. Ezz, an Egyptian doctor and expert in chemical and radiological warfare. Other members are Dr. Edward E. Ambeva, a Kenyan orthopedic surgeon; Lt. Col. Nestor C. Castillo, a Philippine officer in the ordnance and chemical services; and Dr. Humberto Guerra-Allison, a microbiologist from Peru. Dr. Herbert Marcovitch of France, a professor at the Institut Pasteur in Paris, is their consultant.

BUT YOUR TRUST IN A DIAMOND

IDS

Certified quality diamonds have appreciated in value tremendously during the past years with constant increase in value.

IDS at the diamond center of the world is the leading direct source diamond company offering fine quality diamonds and jewelry for investment, gifts and personal use at exceptionally good prices. All diamonds guaranteed by Certificate. Contact us for free booklet "Practical Guide for Diamond Investment or visit us and see the world of diamonds."

International Diamond Sales
Head Office: 90-52, Hohenstrasse
105 at the diamond center of the world
Tel. 031-31 77 64, Telex 35395 india-b
LONDON: 1st on the Park
Hamilton Place - Park Lane
London W1 - Tel. 01-492 1814

African Diplomat Greeted in U.S. By Burning Cross

WASHINGTON — Ignatius Nkwenti, an African diplomat newly arrived in the United States, did not understand the meaning of the burning cross on the lawn of his suburban Maryland home, but he guessed enough to be afraid.

Mr. Nkwenti, 36, a cultural attaché from Cameroon, was asleep with his wife and four children in their rented house Wednesday night when a 12-foot wooden cross was planted in the lawn and set alight shortly after 11 p.m.

The family, which came to the United States earlier this month, did not realize what was happening until they were awakened by police summoned by a neighbor.

"Why should people try to frighten me?" Mr. Nkwenti asked Thursday. "I was very upset. I am a stranger. I just moved to this house. In my country, we welcome strangers more than our own citizens."

Mr. Nkwenti said that police had explained the anti-black message traditionally associated with cross-burnings and had told him about "movements here who do that to scare people." When informed Thursday about the existence and activities of the Ku Klux Klan, Mr. Nkwenti asked if the group might harm him or his family. He wondered if the incident took place on one of the group's "special days," or holidays.

Three of his children slept through the incident, Mr. Nkwenti said, and he decided not to tell them about it because he did not want them "to panic." He said that he "felt horrible" and was so afraid that he left the lights on in his house for the rest of the night.

But he said he and his family intend to remain in their house despite the incident.

A Montgomery County police spokesman said that the cross was made of two-by-four planks of plywood held together with wire. It was planted on the lawn to one side of the house, just 25 feet from an American flag flying from a pole in the yard next door.

Minority Population Rise

The cross-burning in Silver Spring is only one of a number of incidents involving racial or religious hostility in Montgomery County, a Washington D.C. suburb where the minority population has doubled in the last decade.

Although there have been arson attempts in Mr. Nkwenti's neighborhood, neighbors said that the cross-burning was the first serious racially motivated incident in their predominantly white, middle-class section.

The Nkwenti family was the only black family on the quiet street, although another black family has lived around the corner for three years.

Cross-burning is a felony under Maryland law. Police have no suspects in the Nkwenti case.

By Stuart Auerbach
Washington Post Service

NEW DELHI — The Reagan administration's decision to rearm Pakistan has torn the fragile fabric of an emerging détente between India and Pakistan, knowledgeable Western and Asian diplomats here believe.

While the nine-year-old process of "normalization" of relations between the two neighbors on the Indian subcontinent may not yet be beyond repair, diplomats here report that it has suffered a severe setback as New Delhi apparently feels its predominant position in the region is threatened by the new, closer security ties between the United States and Pakistan.

India, for instance, has not replied to Pakistan's offer last week to begin talks on a nonaggression pact between the two countries. Unofficially, the Pakistan offer was dismissed as a propaganda ploy to win U.S. congressional support for its arms purchases rather than a serious bid to improve relations with India.

Last month Prime Minister Indira Gandhi told Parliament that India had to be careful of an earlier Pakistan offer of troop reductions lest it get "caught in any trap."

Extreme Distrust

The extreme distrust between both countries has gone so far that one of the most experienced Western diplomats in this Indian capital has predicted a "slightly better than 50-50 chance" of a war between India and Pakistan within two years. He said that he would not have even thought of making such a prediction two years ago, when the process of normalization was in full flower.

"If a war starts," the Western diplomat said, "the impetus will come from India rather than Pakistan. Indira Gandhi just cannot tolerate a resurgent Pakistan which will constitute somewhat of a threat to India."

While the veteran diplomat cited Washington's decision to rearm Pakistan as causing the increased risk of an India-Pakistan war, he said "the major responsibility" lies with the Soviet Union, which "triggered the U.S. reaction" by its military intervention in Afghanistan in December, 1979.

The possibility of a fourth India-Pakistan war on the subcontinent thus appears to be unexpected fallout from the Reagan administration's decision to build up Pakistan as a bulwark against Soviet expansionism from occupied Afghanistan to the vital oil lanes of the Indian Ocean and the Gulf.

Many diplomats here are concerned that the theme may assume the cast of a self-fulfilling prophecy.

Mrs. Gandhi, however, has put the blame for the arms sale to Pakistan on the United States. She told an Australian newspaper last week that the sale was "the first step" of the Reagan administration toward securing military bases in that country.

The Reagan administration had proposed to provide Pakistan with \$3.5 billion in military and economic aid and to sell it 40 highly sophisticated F-16 fighter-bombers valued at \$400 million.

The martial law government of President Mohammed Zia ul-Haq in Pakistan has strongly denied offering any bases to the United States and said the question had not been mentioned in negotiations with the Reagan administration.

Denial or not, the perception here is that the United States has gained a foothold on the subcontinent that threatens India.

A Western diplomat with wide experience throughout the region over two decades said what India particularly objects to is the re-entry of the United States in continental affairs. The United States pulled away from the region after the Nixon administration, in its famous "tilt toward Pakistan," failed in 1971 to prevent the Indian aim of splitting off East Pakistan from the rest of that country to form the independent nation of Bangladesh.

That dismemberment of Pakistan into two states effectively ensured Indian hegemony over the region.

Senate Keeps Salvador Aid Tied to Reforms

WASHINGTON — The Senate, in a rebuff to President Reagan's foreign policy, has rejected an amendment to its foreign aid bill that would have offset the threat to halt military aid to El Salvador if its ruling junta does not seek peace, reforms and control over its security forces.

The vote Thursday also was a defeat for El Salvadoran President José Napoleón Duarte, who told the Senate that he has the same peace and reform goals but did not want them imposed on his government as conditions.

In a 51-47 vote, the Senate rejected an amendment by Republican Sens. Richard G. Lugar of Indiana and Jesse Helms of North Carolina to turn the conditions into "goals." The amendment, which the two senators called the administration's position, was to

a new provision would require the president to notify Congress if he wants to take advantage of the Angolan repeal.

The Senate bill would require Mr. Reagan to halt all U.S. military aid to El Salvador and withdraw military advisers unless he certifies twice a year that Mr. Duarte's government is:

- Making a concerted effort to control gross violations of human rights and moving to control security forces "so as to bring an end to the indiscriminate torture and murder of Salvadoran citizens."
- Making progress in economic and political reforms, including a redistribution of land.
- Committed to holding free elections and is willing to negotiate an equitable peace solution with leftist forces.

The conditions were drafted by Sen. Christopher J. Dodd, a Connecticut Democrat, who called them "merely an insurance policy" on Mr. Duarte's statement that they are already his own goals.

Secretary of State Alexander M. Haig Jr. has said the conditions could encourage El Salvador's leftists to guerrillas to increase their violence in an effort to make the conditions impossible to meet.

But the Senate Foreign Relations Committee said in a report accompanying the bill that the conditions would not require an aid cutoff if more violence by guerrillas or forces outside the country made them impossible to meet.

El Salvador received about \$35 million in military aid and \$135 million in economic aid during the fiscal year closing Sept. 30. The administration has asked for the total of \$114 million for the new fiscal year, but has said more may be necessary.

Anti-Refugee Drive Urged In Florida

TALLAHASSEE, Fla. — Gov. Bob Graham, in a statewide television address, has asked citizens to deluge President Reagan with mail saying, "We want no more refugees in Florida."

Thursday night, an hour before Mr. Reagan appeared on national television seeking citizen support for his proposed budget cuts, Gov. Graham appeared on a hook-up of eight stations in seven Florida cities urging his constituents to tell the president of their displeasure with what he termed Washington's "indifference" to the refugee problem.

Since January, 1980, 200,000 Cubans and Haitians have arrived in Florida, and 800,000 Cubans have settled in the state since the Castro takeover in Cuba. Gov. Graham said that the new refugee influx has reached "a saturation point."

He cited increased crime in the Miami area, which he contended was attributable to criminals and mental patients among the refugees arriving since January, 1980. He added that welfare, schooling, health care and criminal justice expenses related to refugees have cost Florida taxpayers \$80 million since they started arriving.

"I would like each of you to write a letter to the president explaining how this virtually unchecked flood has affected your community, your family or yourself," he said. "Ask President Reagan to do his job and save Florida from drowning in this flood of refugees."

Coalition Efforts Stymied as Strikes Hit Belgian Area

BRUSSELS — Trains, shops and factories were affected by strikes lasting one to four hours Friday in southern Belgium as attempts to form a new coalition government met a wall of party opposition. The work stoppages, in the depressed French-speaking area of Wallonia, were taken to protest insufficient government support for the region's ailing steel industry.

The issue was among those responsible for the Cabinet rift that led to the resignation of Premier Mark Eyskens' government Monday. The French-speaking wing of the Socialist Party wants immediate aid for Wallonia's money-losing steel giant, Cockerill-Sambre. Robert Gillon, a local union leader, called for a one-day strike at Cockerill-Sambre next Thursday.

Willy Claes, the economic affairs minister in Mr. Eyskens' government, who was charged by King Baudouin with reviewing the possibilities for a coalition, met with Mr. Eyskens and the leaders of other parties Friday. But his task seemed doomed by a call by the powerful Social Christian Party for immediate elections.

With 57 seats in the 212-seat Parliament, the Social Christians are almost twice as strong as any other party.

Lotterie Freundel

INVITES YOU TO THE NEW GAME THE 70th WINNING PARTY OF

Süddeutsche Klassenlotterie! Better than ever - with more and higher prizes - guaranteed!

2 x 1.5 Million DM
4 x 1/2 Million DM
12 x 1/2 Million DM
8 x 1/4 Million DM
24 x 100,000.- DM
478 x 10,000.- 80,000.- DM
22,060 x 1,000.- 5,000.- DM
219,000 x 120.- 840.- DM
241 588 Prizes - Winning total = DM 188,120,000.-
500,000 Ticket Numbers! Almost every 2nd Ticket Number a winner!

L.E. Freundel
P.O.B. 700230
D-5000 Frankfurt/AM 70
□ 1/1 ticket DM 720 or US \$ 328.
□ 1/2 ticket DM 360 or US \$ 164.
□ 1/4 ticket DM 180 or US \$ 82.
□ 1/8 ticket DM 90 or US \$ 41.
Ticket prices for 75 draws = 6 months. (50 Dollars rates may vary)
□ Send details
Name _____
Address _____
Postcode _____
City _____
Phone _____
Send only one envelope, not a substitute to residents of Singapore!

Mugabe Is 'Not in Hurry' for One-Party State

STOCKHOLM — Prime Minister Robert Mugabe of Zimbabwe says that his government plans to start working on turning Zimbabwe into a one-party state but "we are not really in a hurry."

"We are one nation, we have one government so why can't the people have one party?" Mr. Mugabe said here Thursday, adding that "opposition would be allowed within that party."

But he said "we are not really in a hurry" about calling a referendum that would decide whether the present multiparty system in his nation should be abolished. "This is something we are beginning to talk about and when the time comes we will go to the people to get a verdict," he said in response to questions.

Mr. Mugabe was holding a joint news conference with Premier Thorbjörn Fälldin of Sweden after the two leaders signed a 100-million kronor (\$18-million) foreign aid pact.

Mr. Fälldin, asked if Sweden would reconsider supporting Zimbabwe if that nation became a one-party state, said that deciding on a political system was a domestic matter for Zimbabwe. "Secondly, Mugabe has explained that it would be a democratic process, and this I think we should take note of," he said.

Mr. Fälldin added that Swedes regard their multiparty system "as an indispensable part of democracy the way we have designed it."

Mr. Mugabe, accompanied by three government ministers, arrived earlier in the day from Helsinki. He is on his first European tour since the former British colony gained independence in April last year and is visiting Denmark, Finland, Sweden and Norway in recognition of aid given to Zimbabwe by those countries, officials explained.

Mr. Mugabe, who visited Sweden several times during his struggle against the Rhodesian white minority regime, thanked Mr. Fälldin for "the consistent role that Sweden played in assuring our independence."

Swedish aid to Zimbabwe since its independence has totaled 63 million kronor (\$11.4 million).

In Salisbury, the former Rhodesian prime minister, Ian D. Smith, declared Thursday that both white and black political parties would oppose all efforts by the ruling Zimbabwe African National Union-Patriotic Front to create a one-party state.

Mr. Smith also warned that unconstitutional enforcement of a single-party system by Mr. Mugabe's ZANU party would split the 7.2 million blacks.

Mr. Smith, president of the all-white Republican Front Party, which holds all 20 white reserved seats in the 100-member executive National Assembly, declared that neither the whites nor the minority Matabele people would accept a one-party state.

The Matabele, 17 percent of the population, largely support Mr. Mugabe's junior coalition government partner, Joshua Nkomo, who also opposes such a system.

Mr. Smith claimed that ZANU calls for a one-party state were being made lately in the face of evaporating support for the ruling party. But he contended that with opposition to the idea from both Mr. Nkomo's Patriotic Front party, the Zimbabwe African Peoples Union, and his own Republican Front, Mr. Mugabe could not muster the 70-percent assembly support needed in terms of the constitution.

The true overall picture is probably that the number of inmates of the camps fell sharply from early in the year, when the Seoul press said that close to 13,500 were held after the Social Protection law came into operation.

Japanese Insist On Kuril Claim

The Associated Press

TOKYO — Foreign Minister Sunao Sonoda said Friday that a Soviet offer to resume high-level talks is a "starting point for continuing dialogue" but that "marked differences" remain on dispute over the North Pacific Islands held by the Soviet Union.

Mr. Sonoda returned from New York where he addressed the UN General Assembly. In his speech, he urged his Soviet counterpart, Andrei A. Gromyko, to reopen discussions on four Soviet-held islands in the Kuril chain off northern Japan.

The islands, seized from Japan by the Soviet Union at the end of World War II, have been a barrier to improved relations between the two countries.

Seoul Admits Over 3,000 Have Been Detained

By Henry Scott Stokes
New York Times Service

TOKYO — In a carefully worded statement, the South Korean Embassy here said Friday that the Seoul government is detaining more than 3,000 persons under a law that permits the authorities to hold prisoners without trial and without charges.

The statement appeared to be intended as a rebuttal of reports in Tokyo that the South Korean government is holding 15,000 persons in army labor camps without charges.

But the rebuttal was phrased in such a way that the key issue — how many persons are held in camps, whose existence the Seoul government neither confirmed nor denied — remains unclear. Meanwhile, the implication of the statement is that the forced labor camps do, in fact, exist and were created last year after President Chun Doo Hwan came to power.

"As of Sept. 20, the number held under the Social Protection Law was 3,228," said Cha Yun, a spokesman for the embassy in Tokyo. Mr. Cha said he was quoting figures supplied by the South Korean Ministry of Justice. But he did not say where the detainees are being held or whether others are incarcerated at the camps.

'Protective Custody'

The Social Protection Law, passed last December under martial law, allows the state to hold persons under "protective custody" for periods of years.

The law, Mr. Cha explained, is administered "after thorough examination by the Social Protection Committee, which is composed of judges, prosecutors and lawyers. Article 5 of the law permits incarceration without trial or indictment, he said.

The significance of the law is that it allows the state to imprison anyone at will, it appears. It is seen as one of a batch of measures passed under martial law permitting tough controls of the press, labor unions and anyone who publicly criticizes Mr. Chun or his government.

Marital law ended in January after the new laws were passed by a legislature whose members were chosen by Gen. Chun and his advisers.

Denial Repeated

Reports in Tokyo said that the labor camps, which are said by former prisoners to be close to the demilitarized zone between North and South Korea, hold mainly common criminals and include "a few political prisoners." The South Korean Embassy denies that any political prisoners are held "under the Social Protection Law."

"They are all thieves, robbers and other criminals," said Mr. Cha. "There is not a single person

you can categorize as a political prisoner."

The government, in any case, denies that there are any political prisoners anywhere in South Korea. This was repeated recently by a Foreign Ministry official.

The Korean National Council of Churches, Roman Catholic and Protestant groups in Seoul and Japanese human rights experts all have estimated the number of political prisoners in South Korea at about 320. Amnesty International, the London-based human rights group, put the number at more than 500 in a recent report on South Korea.

It would seem that the government and human rights groups in Seoul and Tokyo differ in their definitions of "political prisoner." The government claims, for instance, that Kim Dae Jung, South Korea's leading dissident, held in prison on a life sentence, is a mere criminal. That is not the view of most observers in Japan or the United States.

Persons released from the camps confirmed, as stated in reports in Tokyo, that most of the detainees are common criminals, immediately obvious from their body tattoos, common to professional thugs in South Korea, and speech.

Patsy Kelly, 71, American Stage, Screen Comedian, Dies

Los Angeles Times Service

LOS ANGELES — Patsy Kelly, 71, a Hollywood comedian who also won a Tony award on Broadway, died of cancer Thursday.

Miss Kelly went to Hollywood in the early 1930s from New York after appearing in vaudeville with comedian Frank Faye and on Broadway with Al Jolson in "The Wonder Bar."

She played numerous movie roles — usually as a wisecracking maid or someone's salty sidekick — and then faded from the scene for several years. Her career was revived when Tallulah Bankhead put

Flu Shot Victim Awarded

RENO, Nev. — The U.S. government must pay a Reno man \$296,632 because his health was damaged when he contracted Guillain-Barre syndrome after a 1976 swine flu inoculation, a U.S. District Court judge has ruled.

Dr. Alton Ochsner
NEW YORK (NYT) — Dr. Alton Ochsner, 85, a heart surgeon, teacher and early opponent of cigarette smoking, died Thursday in New Orleans.

In 1936, while he was a professor of surgery at Tulane University, Dr. Ochsner called attention to the increasing number of lung cancer cases among Americans and suggested that cigarette smoking might be a major factor.

Meurice Hotel in Paris: everything is new except the charm.

Phase 3 of the renovation program has been completed.

Hôtel Meurice 228, rue de Rivoli 75001 Paris - Tél. 260.38.60 - Télex 230.673 F

The Ultimate


Beverly Wilshire Hotel

Wilshire Blvd. at Rodeo Dr., Beverly Hills, Calif. 90212
(213) 275-4282 Telex 698-220

Represented by IRI The Leading Hotels of the World Member of Preferred Hotels Worldwide

BVLGARI

ROMA • 10 VIA DEI CONDOTTI
NEW YORK • HOTEL PIERRE
GENÈVE • 86 RUE DU RHÔNE
MONTE CARLO • AVENUE DES BEAUX-ARTS
PARIS • HOTEL PLAZA-ATHÈNÉE



DEATH NOTICE

THOMAS D. CALNAN
Wing Commander R.A.F., retired, died in Geneva on September 13, 1981, and was buried in AYER (Valais). His family wishes to share their sorrow with his friends.

CH-3961 Zinal, Switzerland.

Arts
Travel
Leisure

INTERNATIONAL
Herald Tribune
Weekend

Bartok Centennial: A Prophet Honored In His Own Country

by David Stevens

BUDAPEST — Centennial celebrations for composers tend to be lavished on those who do not really need the attention, which is true of Béla Bartók to the extent that this commemorative year has been merely an excuse to perform the Hungarian composer's best-known and well-established scores.

Yet the homage-paying will have served a useful purpose if it leaves the musical world with a better idea of his creative life as a coherent entity, and a more detailed understanding of this lone and enigmatic figure. Besides being one of the three generally accepted creative musical giants of the 20th century, he was also an important ethnomusicologist and pedagogue, and these pursuits were absorbed into the fabric of his creative existence.

Yet the extent of his influence is uncertain. Unlike Arnold Schoenberg, he was not a theorist, he did not teach composition (he preferred to teach piano), nor did he leave behind a posthumously dominant "school" of composition. Unlike Igor Stravinsky, he did not quickly become a star in the international arena or leave behind volumes of witty and cosmopolitan memoirs. His piano pupils at the Budapest Academy of Music included several who later became prominent conductors — a major Hungarian export item — and champions of his music, yet he seems to have been too individual an artist and person to be a trend-setter.

Bartók was born on March 25, 1881, in Nagyszombat, in what is now Romania — indeed, almost every place he lived in Hungary

except the capital is now part of Czechoslovakia, the Soviet Union or Romania — and died on Sept. 26, 1945 — 36 years ago this Saturday — in New York City, a fugitive from Nazi-dominated Europe and the war.

But Hungary lost little time posthumously repatriating Bartók as its national musical hero, a composer whose life and work reflect both the national spirit and the mainstream of European culture, and Budapest has been in the forefront of this year's centennial celebrations.

The concerts of the annual Budapest Music Weeks, which start this weekend and run through October, have Bartók on almost every program, alone or in juxtaposition with other composers. The Liszt-Bartók Piano Competition, held every five years, is de-emphasizing Liszt this year by giving competitors a choice only between the second or third of Bartók's concertos in the final round. The general assembly and congress of the International Music Council are being held in Budapest, with round tables and scholarly presentations centering on Bartók.

Earlier this year, the house in the Buda Hills where the composer lived from 1932 until he left Hungary in 1940 was restored as a memorial and a site for conferences and concerts. Hungary's state recording enterprise, has completed its project of more than a decade of recording virtually every note of the composer's music.

In addition, the Hungarian State Opera is exporting its production of Bartók's three one-act stage works — the ballets "The Wooden Prince" and "The Miraculous Mandarin" and the opera "Bluebeard's Castle" — to open the

Paris Dance Festival and simultaneously kick off a Bartók festival in Paris and the provinces. The major fall celebration outside Hungary, the Paris festival will run until Dec. 17 and include a recital (Nov. 10) by Yehudi Menuhin that will feature a work he commissioned from Bartók, the sonata for solo violin.

Only in the area of scholarly publications is there cause for disappointment. There seem to be plenty of peripheral books, but not the major work that might have been hoped for in a centennial year — at least not in English. One problem is that Bartók's archives are divided between Budapest and New York, both with important material, and one effect of more than two decades of litigation over the Bartók estate has been effectively to close the New York archives to outside scholars and divert much of the estate's substantial income to legal fees.

Understanding Bartók's personality may be easier from a distance than it was at close range. By most accounts he was a reserved and austere person, although his elder son, Béla Jr., now a retired railway engineer in Budapest, speaks of a childlike sense of humor reserved for intimates.

Janos Horenstein, the late conductor, spoke in a recorded interview a few years ago of having helped prepare a Bartók work for performance in 1927, and he recalled the composer as "very, very difficult; very closed up; a man of musical principles, marvelous as a musician — not very human, not very human." But Benny Goodman, who commissioned "Contrasts," the trio for piano, violin and clarinet, and later played it with Bartók and Joseph Szigeti, recalled him as "a nice man" who told him, "Oh,



Bartok — virtuoso pianist as well as composer — in London in 1936.

don't worry. Approximate," when Goodman remarked on the difficulty of the clarinet part. Bartók was an idealist who believed in such things as the brotherhood of peoples and worried about the alienation of man from nature and the corrupting effect of modern civilization. He protested indignantly when Fascist abuse forced Arturo Toscanini to leave Italy, refused to perform in Germany after the Nazis came to power and finally emigrated to avoid having to live under such a regime.

He was a pianist of such accomplishment that he would have had no difficulty pursuing a virtuoso's career, the proof being still available on recordings — notably the live recording of a recital he gave with Szigeti at the Library of Congress in Washington on April 13, 1940. This program will be reproduced in a recital by Georges Pledermacher and Ivry Gitlis on Oct. 6 in Paris.

Photographs show a man of slight stature whose most prominent features are penetrating eyes and strong, elegant hands. Accounts of his piano playing generally stress his steeley yet delicate touch and a controlled explosiveness that completely belied his normal demeanor.

After passing through the influence of Brahms and Strauss as a young composer, Bartók, with Zoltán Kodály, discovered the authentic folk music of Hungary by going out among the peasantry and finding it. From 1905 to 1918 he had collected and prepared for publication almost 10,000 Hungarian, Transylvanian, Romanian and Slovak folk songs. He also sought out North African and Turkish folk music, and when he first moved to the United States, he worked in 1941-42 at Columbia University on preparing a collection of Yugoslav folk music. This not only was important work in itself, but also made a strong impact on him as a composer as the rhythms, fabric and texture of folk music became absorbed into his own musical vocabulary.

Bartók's didactic streak came out early in teaching editions of Haydn, Mozart, Beethoven and Bach that he prepared, and in his own music in the piano pieces "For Children," the 153 piano pieces of progressive difficulty entitled "Mikrokosmos," the 44 violin duos and the 27 two- and three-part choruses, all music of artistic as well as educational value.

Some of Bartók's music is probably too closely evocative of his Hungarian heritage to

take its place in the international repertory, but a substantial body of his work seems safely established — the three stage works, the Concerto for Orchestra, the Music for Strings, Percussion and Celesta, the concertos and sonatas for piano and violin, the Divertimento, the "Out of Doors" suite, "Contrasts" and the six string quartets being a partial list.

Bartók's five years in the United States, the last of his life, were not happy ones, although stories of his neglect there are much exaggerated. He arrived already in ill health, he did not fare as well as other noted musical exiles who emigrated to America — Schoenberg, Stravinsky and Paul Hindemith — and he was a difficult person to help. When Serge Koussevitzky, in connivance with Szigeti and Fritz Reiner, commissioned what became the Concerto for Orchestra, he had to make up a pretext to persuade Bartók to accept the money before he started work.

After a couple of years in which he composed nothing new, the last years of Bartók's life became enormously fruitful. Besides the Concerto for Orchestra, he wrote the sonata for unaccompanied violin for Menuhin, the Piano Concerto No. 3 for his second wife, the pianist Ditta Pasztory, and the Viola Concerto, commissioned by William Primrose, which had to be completed by Tibor Serly.

Shortly before he died at West Side Hospital in Manhattan of polycythemia, a blood ailment, he was noting down ideas for a seventh string quartet. "I only regret that I have to depart with my luggage full," he said to one of his doctors.

Simenon's Wife in the Witness Box

by Vicky Elliott

PARIS — Now Georges Simenon's wife answers his well-publicized account of his infidelities. Among this fall's crop of first novels in Paris is "Le Phallus d'Or," a caustic story, seen from the privacy of his own home, of a famous man who claimed to have slept with 10,000 women. The author's name is misleading. "Odile Dessagne" is really Denise Simenon, the Canadian-born wife of Maigret's creator, a business partner and companion who managed Simenon's life for 20 years, she says, and whose marriage broke down finally in 1964 in mutual recrimination.

At 56, still as poised, shrewd and well-groomed as when Simenon met her in New York in 1943, Denise Simenon is a strong woman who has fought many battles and feels she has reached the peace of mind to contemplate the scars philosophically. "I don't renege on my past, it's part of me," she said coolly this week in an interview in Paris, smoothing down her crisp yellow silk dress with elegant hands. "I wrote the book because the desire to express myself was growing."

The disclaimer that prefaces "The Golden Phallus" pleads "inconsistency," but the fact remains that in broad outline it has many resonances with Denise Simenon's own life.

About the central character, known as "The Old Man," whose death is the starting point of the novel, which a succession of desirable women: mistresses, secretaries, prostitutes; the Italian maid who takes his wife's place, the daughter who committed suicide. The atmosphere,

suffused with claustrophobia and domestic tensions, is reminiscent of the settings for the crimes of passion that were Maigret's specialty, although the style lacks the trenchant attack of the master.

The book, published in French by Editions Encre, started off innocuously enough under the title "The Small Street," but as the first draft was written, in only 16 days, the plot steered itself into its own shape. "Naturally, from lack of experience," explains its author, "and needing to give the central character a dimension out of the ordinary, I took something that was common knowledge throughout the world. The rest just came under my fingers."

Common knowledge is the fact that in 1977, Simenon said in a conversation with Federico Fellini, who was then at work on his film "Casanova," that he had had affairs with 10,000 women. The remark found its way into the world's press.

A tall story, but dealing with Simenon, now 78 years old, does mean dealing in industrial quantities: a bibliography of more than 200 novels (many under pseudonyms), translated into anything up to 47 languages, and a total of more than 400 million copies sold.

His wife, whom he has never divorced, hasn't lost her admiration for Simenon's genius, his capacities of concentration and his devotion to his work. She is painfully aware of her own lack of writing experience. "I didn't have the gumption to write when I lived with him," she says. "I would have seemed too preposterous. But I suppose you could say I was steered in the craft."

Her English and her French, both perfect, are tinged with an imperceptible accent that is not Canadian, despite her origins in Ontario. She is fascinated by semantics and the global outlook expressed in the idiom of the two languages. "In French, you make love," she says. "In English, you merely sleep with someone."

The daughter of a French-speaking government official in Ottawa, she left for the United States when she was chosen in 1943, aged only 18, to work for the British information services in Philadelphia as part of the war effort. She met Simenon, more than 20 years her senior, during periodic visits to headquarters in New York. Independent as well as beautiful, she soon captivated the writer, whose career was about to take off, but for a long time refused to marry him.

"I happened not to believe in marriage, and it was the only way in which I could really rebel against my bourgeois upbringing," she recalls. It was five years after she and Simenon had been living together and after the birth of their first son (they were to have three children) that they eventually married in Reno, in the courthouse where Simenon had divorced his Belgian first wife. The ceremony was in true Hollywood style and presided over by a 6-foot-10-inch judge wearing a 10-gallon hat and a turquoise suit.

She recalls the early years of her marriage with great affection. The newspapers talked of Simenon as "a passionate family man," despite his wayward eye for the ladies. As for the 10,000 lovers, as Denise points out herself, "A simple adding machine would demonstrate that Simenon would never have had the time for them as well as to write and to spend a great deal of his time with his family."

They lived "in small places" all over the United States. Denise, a devotee of contrasts, dressed while he dressed himself with his work. "My job," she recalls, "was to protect our personal life."

It was a full-time job, haggling with publishers and keeping the world at bay. Journalists and even intimate friends were only allowed to interrupt the schedule for a strictly rationed two months of every year. Meanwhile, Denise was becoming an insomniac. "After we had made love at night," she remembers, "I would go downstairs to dictate letters for the next morning, get back into bed at 3 or 4 a.m. and be up for the children at 7."

They returned to Europe with two children in the early 1950s as the success of Maigret snowballed. They were seen at fashionable receptions in Paris, and in 1960 Simenon presided over the jury at the Cannes Film Festival.

The newspapers spoke of Denise as leaving her husband complete freedom to add to his list of conquests, but the marriage slowly turned sour. The final breakup, says Denise, was engineered by an avocative psychiatrist who was seeing both of them and who managed to convince each that the other was mentally ill.

"Rejected and disowned," ousted as mistress of the house by her own personal maid and generally maligned by her husband, Denise says she was too proud to protest in public. "My mother had clattered into me that one was not to show one's emotions," she said. "I could have cried in public and regretted it."

The next years were hard. A bout with cancer and a nervous breakdown that left its mark on her beauty followed a nervous breakdown in 1970 ("My friends said it came six years too late"). But the breakdown led to a new career, psychoanalysis, which she now teaches at the Institute of Human Sciences in Avignon and practices in France, when she is not in her other home in a village near the Languedoc. It is almost 10 years since she has seen her husband, Simenon has abandoned fiction and spends his days dictating reminiscences that will be published in November. Telephoned at his Swiss home, he declined to comment on his wife's literary activities, describing the story of the 10,000 women as a joke between him and Fellini. "That works out at 300 a week," he said. "And I haven't ever done a definitive calculation."



Denise Simenon, whose first novel has just been published.

The Outside World Edges Inside

by Joel Stratte-McClure

ZANSKAR VALLEY, India — The 141 Buddhist monks at the spartan Karsha monastery are awakened at dawn by the trumpeting of enormous horns and the beating of weathered drums. Just before the Himalayan sunrise they gather, attired in patched purple robes and yellow wool caps, in the candlelit assembly hall. They forcefully chant their doctrinal vows in front of an image of Lord Avalokitesvara and a plethora of colorful protective deities.

Karsha, one of 20 monasteries in this arid and remote valley with a mean elevation of 13,200 feet, is perched precariously on a mountainside facing 25 snowcapped Himalayan peaks. During morning tea — a dishwasher-colored drink seasoned with butter — the Tibetan-speaking monks discuss their isolation.

"We want to live the way our founder did almost 1,000 years ago," Karsha's head lama said, referring to a Buddhist scholar called the Zanskar Translator who founded the monastery in 1076. "The less we know about the outside world, the better."

In the village of Testa, a cluster of stone and mud-brick houses five days' walk from Karsha, the 200 inhabitants spend the four snow-free summer months preparing for winter. Barley is being reaped and dried to make *tsampa*, a flour used as a food staple, and *chang*, a very potent alcoholic drink.

Young women with willow baskets strapped to their backs spend the day collecting horse manure to use as fuel. The town's young men, if they are not monks in Testa's simple temple, graze their yaks and sheep in the upper pastures. An older woman, her frail body dominated by a wool hat with long earflaps adorned with turquoise stones, proudly displays amulets to ward off evil spirits. An elderly man wearing knee-high Tibetan boots walks aimlessly, spinning his prayer wheel, which contains written Buddhist scriptures.

"He is preparing for death and reincarnation by earning merit with his prayers," explains a young monk. "Once their first son is married, all the men in Zanskar try to become practicing Buddhists."

The Zanskar Valley, which was closed to tourists for political reasons by the Indian government from 1961 to 1974, still maintains a medieval appearance and the essence of Tibetan Buddhism — introduced here around A.D. 800 when Tibetans migrated to establish a highly religious kingdom that remained independent until 1834.

During a three-week trek in the area, a visitor saw countless reminders that Buddhism dictates the way of life. There are numerous cave temples used for meditation by austere monks; the dry countryside is dotted with thousands of white *chödens*, religious mounds containing prayers or the cremated remains of an exalted lama; prayer flags decorate the roofs of most homes to blow wishes to the gods; prayer wheels, built of large stones with images of Buddha or scriptures engraved on them, stretch up to 100 yards in length; godhouses stand at the top of each Himalayan pass and pictures of the Dalai Lama, the exalted Tibetan spiritual leader, are posted in the few makeshift shrines, which sell matches, tea and much else.

Each monastery has its own personality. Phingtal is built into a mountainside, using a natural cave as a temple, while Bardan, with a gigantic copper prayer wheel, resembles Mont-Saint-Michel without water. The small villages also have individual character. A tourist can visit the current "king" of Zanskar at Zangla, drink *chang* with another pretender to the throne in a mud house in the capital of Padum and have tea made for one cent a glass by two shepherd boys near Pishu.

Zanskar represents Tibetan religion and culture of centuries past," says Tadeusz Skorupski, author of two books on the area and a Tibetan scholar at the University of London. "Although tourists have begun coming here, the monastic life and the village habits are still relatively untouched."



A Buddhist monk at Karsha, amid the Himalayas.

But times are changing in Zanskar.

About 1,000 persons — some with just backpacks, others with ponies and porters — trekked in parts of the 3,000-square-mile Zanskar valley this summer, and the region's purity is gradually being tainted. Fewer youths, according to the head lama at Mune, are entering monasteries because they can now attend newly built government schools or get jobs as porters. Shoeless children have learned the English, French and German words for "candy" and are becoming beggars.

This summer the Lingshot monastery even began charging the equivalent of \$1.15 for visitors to its temple; most monks, especially those at the Mune monastery, aggressively seek donations for their "repair/maintenance committee." There are still no telephones, electricity, plumbing or automobiles but a road is being built from Padum into other parts of the valley.

"In five years you'll probably be able to get here by bus," said Adam Stainton, a British botanist and author of "Flowers of the Himalaya." "All this pristine beauty, the lovely colors and clear, cold streams may ultimately turn into Hyde Park."

Today, though, getting to Zanskar still requires some stamina. Stainton reached Testa by flying from London to New Delhi, taking an overnight train to Chandigarh, a daylong taxi to Manali and a 10-hour bus ride to Darcha via the 15,000-foot Rohtang Pass. He then walked seven days and, like most trekkers, had some problems with the altitude while climbing the 18,300-foot Surichun La Pass. To get out of Zanskar requires mounting eight passes over 16,000 feet. Guides and ponies may be hired locally or you may backpack, though most food supplies must be carried.

The Himalaya range that envelops the valley is still largely unexplored. Except for yaks and shepherds, there are few people on the expansive plains. Dizzily crossing the rope bridges, bathing in the glacier-cold springs and brooks or climbing the hundreds of peaks, you rarely meet another traveler. Maps still disagree on the exact altitude of the passes and there's no

question that, despite the future road, the terrain is still rugged. Horses occasionally fall off the crumbling trail into the Zanskar River gorge, a woman drowned while attempting to cross the river in August and a pack pony was swept downstream by the same current.

For people who do visit Zanskar, a battle to colonize the area is brewing among tourist promoters. During a trek in August — the valley is accessible from May to September and closed the rest of the year because of snow-blocked passes — there were organized tours from most European countries, the United States and Japan. An organized visit — with tents, food, guides and other amenities — costs about \$50 a person daily. Because most trekkers stick to the main route, they are all faced with unavoidable encounters.

Still Zanskar is not so crowded as the adjoining valley of Ladakh, also settled by Tibetan Buddhists centuries ago. Tourist buses now run along the road from Lamayuru to Leh and coffee-table books touting the area are plentiful.

"Ladakh and Zanskar are lamentably becoming 'in' tourist places and commercialization is inevitable," says Christina Noble, a director of Ind-Venture Travel, which has organized treks in the area for six years. "But in the future, people will start getting off the main path and for another 10 years Zanskar will be capable of coping with the onslaught."

Still nobody can predict the ultimate fate of the 20,000 Zanskaris, their homemade *chang* and the alarm clock of trumpeting horns.

During afternoon tea with a young monk at the Mune monastery it appeared inevitable that cultural changes are near. The monk had a ballpoint pen on a string around his neck, wore a digital watch and knew the words to "Frère Jacques." He looked with envy at visitors' cameras, asked the Tibetan porters how they liked their jobs and wanted a present of a pair of running shoes.

"It wouldn't surprise me if this monk left the monastery," Skorupski said after their conversation. "But the ultimate tragedy will occur if the monasteries ever leave the mountains."

The art market

Gloom and Doom in French Galleries

by Soren Melikian

PARIS — A sense of gloom is pervading the French market. If things get worse, it might lead to the self-exile of some of its most dynamic people. Those walking into the exhibition of Jean-Michel Beurdeley's gallery on the Boulevard Saint Germain may not be aware of it. The exhibition is small but includes impressive items; one could tear European and American galleries without seeing anything like the 60-centimeter-high stone head from Java carved in the 9th century. Not surprisingly, it sold within hours of the opening for 120,000 francs.

Other pieces, if not so unique, are almost as hard to come by. These include one of those beautiful female bodies from the Bayon period (13th century) and a superb architectural fragment with standing goddesses under arches from some 10th-century temple in India. None of the pieces have been seen before, leaving no doubt about Beurdeley's determination to impress the viewer with the wealth of the French market.

Yet, this is the first exhibition that he has put together without making any investment — all the pieces come from stock. Beurdeley thinks the French situation is too uncertain and primarily sees this exhibition as a way of testing the home market.

Since April, French clients have been increasingly reticent. The wait-and-see attitude prompted early in the spring by tension on the Polish border has worsened considerably since the French presidential election. A typical instance quoted by Beurdeley concerns a collector who expressed serious interest in a Khmer head but did not follow up after the May 10 returns.

Equally telling is the fact that private parties are not willing to sell. Every year since the gallery opened in 1965, works of art, frequently including important pieces, would be offered to him in July. This year not one object was brought in.



A 13th-century Bayon sculpture.

France and England — mostly of the Tang and Sung periods. At that time, he was the only dealer in France who knew something about the Japanese taste in Chinese ceramics and the prices the Japanese were prepared to pay for top items.

By the early 1970s, porcelain started going through the roof, and the French supply of high-quality wares dried up. London auction houses drained what was left on a worldwide scale. Beurdeley remembers with a chuckle how in the course of an argument over the price of a Ming Blue-and-White bowl in Jakarta, his partner suddenly produced one of Sotheby's great-cover catalogues — with the price list.

Beurdeley then switched to sculpture from India and Southeast Asia, of the kind currently on display, for which he has acquired an international reputation. His success in this line, coupled with the French situation, is precisely what induces him to reconsider his operation

and wonder about the validity of running a gallery in France. He fears that the constant administrative pressure on the profession may soon become unbearable; red tape is already paralyzing importing and exporting operations.

In Britain, when a gallery buys a work of art from a foreign source, all that customs officials are concerned about is that the object is more than 100 years old — truly an antique according to their official definition. If it is worth over £8,000, the dealer simply needs a receipt, instantly delivered, to allow re-exporting without problems. The procedure is quick and involves no trouble. On this side of the Channel any move on the dealer's part seems to be viewed suspiciously. It is necessary to use the services of a *transitaire* — whose job it is to clear goods through customs — and that means additional expenditure. Tax controls can be surprisingly aggressive; the complication of modern dealing is such that it is almost always possible to fall someone on technicalities. Here again the difference with Anglo-Saxon usage is tremendous.

A fair-minded man, Beurdeley insists that the pressure and bullying attitude are in no way related to the new French government. These practices became really oppressive about 1975, under the previous conservative government, he says, adding that it is a typically French trend.

One recent, ominous development, however, is the new foreign-exchange control set up under the present government. The procedure is such that a dealer selling to a foreign client anything worth more than 50,000 francs (\$9,500) has a month to get his money, which, in effect, means demanding payment before delivery, which almost always takes more than a month. This rule is disastrous in a trade where payments are frequently delayed by months, particularly those made by high-powered U.S. buyers renowned for dragging their feet and enjoying making an extra penny on large sums when interest rates are high.

While Beurdeley is the only dealer I have met who was willing to discuss such problems openly, all major dealers are now confronted with them. In the last decade the art market has become thoroughly international and all dynamic professionals now buy and sell abroad. Last June a young dealer in Impressionist and Modern masters told me that he would know by October whether he would be forced to move out of France; 80 percent of his clients are American, Swiss or Italian, anyway.

This sense of gloom is spreading fast and could have an adverse effect on French artistic resources. If the more powerful dealers switch their operations to centers to foreign outposts and the flow of business bypasses Paris, it almost certainly means that many privately held works of art will be leaving the country soon. It would seem that many have in fact already done so.

No government can gain very much by harassing the business community. But it stands to lose a great deal, at least as long as it operates in a free system in which the right to private ownership is not questioned.

Lady of Spain, They Adore You

by Max Wykes-Joyce

LONDON — There has been a close affinity of almost 400 years' duration between British collectors and connoisseurs and Spanish painting. By 1651, for example, when the wretched Oliver Cromwell, after his execution of King Charles I, put on sale both the royal collection and those of other royalists, 11 wagonloads of pictures, mostly Spanish, went to Spain, purchased by Philip IV.

The Cromwellian dispersal was only a temporary setback; by the middle of the following century, the British again had the most considerable holdings of major Spanish masterpieces. Many of the Spanish masterpieces acquired at that time appear in a most splendid loan exhibition, "El Greco to Goya: The Taste for Spanish Paintings in Britain and Ireland," at the National Gallery, Trafalgar Square, London, until Nov. 29.

Mounted more or less chronologically, it is divided into seven sections. The first of these "El Greco, Morales and Tristan" sets the standard of the whole exhibition — a magnificent pietà by Luis de Morales, foreshadowing the stylizations of El Greco.

Several aspects of the genius of El Greco are represented, including two versions of an "Allegorical Night Scene," which features two conspirators, the younger of whom is lighting a candle, and a singularly ill-favored ape; the highly emotive "Tears of St. Peter" loaned by the Bowes museum, Barnard Castle; and the "Portrait of a Man," one of two El Greco portraits bought from Louis Philippe's collection by William Stirling, the whose three-volume "Annals of the Artists of Spain," published in London in 1848, has not yet been wholly superseded.

"Early Velazquez, Ribalta and Ribera," the second section, might be termed religious and

domestic painting, including as it does "Kitchen Scene with Christ in the House of Martha and Mary," "The Old Woman Frying Eggs," "Two Young Men at a Kitchen Table" and "The Waterseller of Seville" all by Diego Velazquez.

Velazquez predominates in the next section also — "Painting at Court," where he is represented not only by such world-famous works as the "Portrait of Philip IV of Spain" and the small boy "Prince Baltasar Carlos as a Huntman" and "... as a Cavalry Officer," but also by the fine portrait of a court "Lady in Mantilla." The lady is typical of a work long appreciated in England, for it was recorded in 1761 in the collection of the third Earl of Burlington at Chiswick Villa, from where it passed by descent to the Dukes of Devonshire.



Detail from "Lady in Mantilla."

The section "Zurbaran and Religious Painting" features the doyen of austere Spanish religious artists, Francisco de Zurbaran, by whom there are five works, including the "Meditating St. Francis" (National Gallery, London), "St. Rufinus" — a patron saint of Seville — (National Gallery of Ireland) and "The Immaculate Conception" (National Gallery of Ireland).

For comparison this last work is hung alongside a painting on the same theme by Bartolomé Esteban Murillo, who, like Goya, is given a whole section of the show to himself. Dismissed as too saccharine by those unfamiliar with the range of his work, Murillo has long been as popular in England as he was in Spain. Visiting Seville with Washington Irving, then American consul, the Scottish artist David Wilkie wrote: "Here even among the lower classes [Murillo] is venerated as if he were a patriot and benefactor of the city."

Both Murillo and Francisco de Goya are represented by a judicious mixture of the very familiar and the little-known.

The section on "Still Life and Landscape" provides no surprises, but reveals still lifes of quality equal to those of Dutch and Flemish masters — notably the flower pieces of Juan de Arellano and fruit still lifes by Luis Melendez. Such richness is echoed in the presentation of this major exhibition; the National Gallery's designer, Robin Cole-Hamilton, has set the paintings off among Spanish period sculpture and furniture borrowed from the Victoria and Albert Museum.

A word must finally be said about the catalogue, compiled by Allan Braham, Keeper of the National Gallery, who organized the exhibition. It has a 40-page introductory essay, catalogues in detail and illustrates every exhibit, including the furniture and sculpture, has seven full-page color plates of details and, selling at £2.95 (\$3.50), must be one of the best art-book bargains of the year.

Fine-Sieved Picasso

by Esther Garcia

LONDON — "Picasso's Picassos," the collection being shown at the Hayward Gallery until Oct. 11, is a twice-distilled selection of the artist's works: both his own choices and those of the French government.

Throughout the almost 80 years of his creative life, Picasso chose to keep for himself a considerable part of his creations, numbering in the thousands. After his death, the French government was able to select, in lieu of inheritance taxes, about a quarter of the artist's personal collection. France has lent the major part of that acquisition for the show, which will be on view again, and permanently, when the Picasso Museum opens in the Marais district of Paris in 1983.

The double process of selection makes this exhibition particularly coherent. Those works that seemed of special interest to Picasso have been winnowed down to those that also seem most relevant to the experts. This is, in a sense, Picasso's own retrospective, with 453 works on display.

Many of these are known to the public through photographs and all were shown in Paris in 1979; the vast Picasso Retrospective at New York's Museum of Modern Art last year included many of them. The particular contribution of the Hayward's show is the emphasis it puts on drawings and engravings.

There are several important series of graphic works, among them the "Crucifixion after Gruzdevsk" and "Figures Making Love." These are not sets of sketches leading to a finished product, but a kaleidoscopic vision of a scene, each drawing a discovery in its own right. These series, presented sequentially, show the extraordinary creative investigation that Picasso carried out at every stage of his career. The most modern of painters used themes that were few, recurrent and basic. He himself named his litany of themes: "Birth, suffering, the couple, death, rebellion and, perhaps, the kiss."

The drawings point out that Picasso's exploration of reality centers unremittingly on the substance and flesh of bodies and objects. Light is eliminated or so organized that it plays a secondary role; each object has its own light. From the early Cubist works, normal perspective is also eliminated. Thus the two elements that make objects relate to each other — and allow us to relate to them — are banished and we are confronted only with Picasso's eye on the world.

Picasso wrote on one of his canvases, "Yo, el rey" — "I, the king." His works are his kingdom, a startling and varied place that opens our eyes to things we had seen but not recognized. But in Picasso's domain we sometimes miss the response, the dialogue, that a Vermeer, a Goya or a Matisse can evoke.

The Blue Period, "Self-Portrait," "Paulo as Harlequin," "The Pipes of Pan," "The Dancing Couple," "The Two Brothers" are some of the paintings and sculptures on display that are familiar to the public through reproductions. There is also a rich vein of paintings and bronzes that were inspired by Picasso's relationship with Marie-Thérèse Walter and that have seldom been reproduced. These are among the most moving and lyrical works in the exhibition.

Along with the dozens of works inspired by Marie-Thérèse, Picasso was completing violent and harsh works that would culminate in the "Guernica." It is a shortcoming of this show that although we see works leading up to a major painting, there is no attempt to show the major work, even in reproduction. The same is true of "Les Femmes d'Alger" — we see several studies for it and would like to be reminded of the result.

A pleasant interlude is offered by the interpretations Picasso made of other painters' works. The "Déjeuner sur l'Herbe" after Manet and "The Happy Family" after Le Nain, are interesting, playful and light-hearted. Picasso himself occasionally needed to get away from Picasso.

"Picasso's Picassos" is at the Hayward Gallery, South Bank, London, until Oct. 11. Monday to Thursday 10 a.m. to 8 p.m., Friday and Saturday 10 a.m. to 6 p.m., Sunday noon to 6 p.m.

COLLECTOR'S GUIDE

NATIONAL ANTIQUE DEALERS EXHIBITION

in ROUEN
Normandie - France
PARC - EXPO
10th - 18th
OCTOBER
1981

Saturdays et
Sundays from
10 a.m. to 10 p.m.

Open to dealers
only October 9th
from 2 p.m. - 10 p.m.

member of "Groupe
des Salons Sélectionnés"

Information T. (33) 66.52.52
Experts CNES

FOR SALE

FOUJITA table,

"wood and ivory" trompe-l'œil marquetry,
made for the luxury liner Normandie
(1929). Similar model in Victoria and
Albert Museum. Painting by CAROLUS-
DUBAN (signed and dated 1876).
Phone Paris (1) 329.48.26 or 322.04.88.

"ART EXHIBITIONS" "COLLECTOR'S GUIDE" "AUCTION SALES"

appear
on Saturday

Coin collecting is very rewarding. It can also be very profitable.

Spink are the oldest established coin dealers in the world.

Send this free reply paid coupon and receive our full colour introduction to the uniquely rewarding world of coin collecting. We describe the pleasure to be derived from coin collecting, trace the remarkable increase in values in recent years and suggest the best ways to start. It is yours without obligation.

Name _____
Address _____
County/Post Code _____

Spink & Son Ltd, King St, 54 James's, London SW1. Tel: 01 830 7866 (24 hrs) Telex: 98771

Baroque Art's Grinning Skull

by Michael Gibson

PARIS — Two infant angels, ivory white, temptuously draped in flying golden folds, stand upon a cloud, one of them, open-mouthed, arms raised in horror, the other with his small fist clamped over his nose. The cause of their distress is a gaping skull reaching at its dome to a golden crown still resting on its dome.

The little group, presented here on its own, is a detail from an elaborate altar by Matyas Brann that can be seen in a church in Prague, and it has come to Paris as part of a handsome show organized by Czechoslovakia (at the Grand Palais to Dec. 7) and titled "Baroque Art in Bohemia."

Yet even though it is merely a detail, it very aptly characterizes the nature of baroque art: in it, all the seductions of life are mobilized to serve the rhetorical lessons of death. Life here is exuberance and charm, the infant grace of the plump little angels, the wild folds and golden opulence of the drapery. The skull might as well be noticed at all, but death is present as a stench that gags even the romping babies.

That is the essence of the baroque theatricality of the Counter-Reformation: ecstasy and horror, anguish and illumination.

Art in the churches began to use all the resources of illusion, with its life-size polychrome statues, (abundantly represented here), so that they were in a place that did not merely symbolize the invisible essence of man's fate, but had become the stage of a drama whose normally invisible actors were physically, emotionally, rhetorically present.

The period covered by the exhibition begins in 1576 when Rudolph II ascended to the throne and made his capital in Prague. It embraces the Thirty Years War (at the end of which — 1648 — Prague was taken and sacked by the Swedes), the plagues of 1680, 1695 and 1775, the lives of Bach, Telemann, Haydn and Mozart, the Seven Years War (1756-63) and the reign of Joseph II of Bohemia, who died in 1790.

The show's prologue gives us an idea of the kind of art that was to be seen at the court of Rudolph II and hints at the drift that caused baroque art to emerge out of the style imported from Italy by followers of the Mannerists.

A tall, handsome bronze by Adrian de Vries shows the influence of Florentine sculpture — a small-headed, long-limbed woman (Psyche) is being carried off by Mercury. The statue itself was carried off by the Swedes in 1648 and left it there during her journeys. Normally it stands in the Louvre.

For all its classical intent, it foreshadows the

vigorous liberty of baroque posturing. It also serves to mark the importance that sculpture and ornament were to take during this period; these hardly seem a doubt that sculpture is the most original art in this age and this region. Beside it, painting hardly seems to have any consistency.

The reasons for this can be varied, but consider one: The dominant spirit is one of theatricality — the churches tend to become stages in which the living faithful mingle with lifelike sculptures. Sometimes it is desirable to represent a painting on a stage, but care must be taken not to give it too powerful a presence, to make it more like an imitation of a painting than like a real painting.

This principle applies to a certain extent to the manner of painting in Bohemian baroque

'In baroque the holy figures in the churches may at first seem more real than life, but they are only there, like actors, to prompt a movement in the heart. They are all players, merely players. This world itself is not real, cannot be made real in any way, the path to reality being in the formless area beyond death.'

and on the whole one cannot say that painting is what makes the art of this period and this region remarkable. (The show includes some 70 paintings, as many sculptures and about 90 objects.)

This simile can be carried even further. Shakespeare, who lived at the outset of the period dealt with in this exhibition, expresses the original substance of baroque thought in a phrase: "All the world's a stage, and all the men and women merely players." This was a new thought at the time but it must have struck his contemporaries as perfectly justified, and it expresses a point of view that much of subsequent art was to elaborate on.

It is a thought that earlier centuries would probably have found odd, a somewhat dizzying thought that finds its reflection in the rather dizzying swooping and churning of baroque art — not to mention rococo, which is an exacerbation of baroque and sometimes makes the viewer suspect that he himself is somewhat tipsy.

This idea of the theatrical nature of our lives leads quite naturally to extremely elaborate "stage props" — glassware, pewter and silverware — and naturally to wildly elaborate objects for use in churches — chalices and monstrances in particular.

The monstrance is a stylized imitation of a blaze of light surrounding a small circular

glass window within which is lodged the circular wafer of bread that, according to Catholic belief, is the real presence of Christ himself. The wafer is absolutely unobscured and presents an extreme contrast with the blazing theatricality of the monstrance, which is designed to suggest that we are looking at a spiritual sun. There are a couple of 18th-century monstrances in the exhibition, one of them covered with precious stones, areas of colored enamel and little groups of polychrome cherubs that must have been very distracting for officiating priests.

The baroque theme of the essential unreality that can be read in two ways — with cynicism or with piety. In the pious view this life, with its powerful seduction, is merely a snare and a delusion; but it is an extremely powerful

delusion, and the church found it useful to employ this rich language to bring its point home.

Loyalty gave up his worldly career after considering the rotting corpse of a friend and having himself been nearly fatally wounded in battle. At the center of the turbulent monstrance lodged the silent, tasteless, odorless host. At the center of all the turbulence of life lodged death. That is why, despite the lushness of all this art, the aftertaste is curiously astringent. We are caught up in a wave of religious passion and pious sensuality and then left high and dry with reality.

The medieval saints and madonnas had a round and comforting reality. The world, even as it symbolized another world beyond, was solid and real itself. In baroque this is no longer the case. The holy figures in the churches may at first seem more real than life, but they are only there, like actors, to prompt a movement in the heart. They are all players, merely players. This world itself is not real, cannot be made real in any way, the path to reality being in the void and formless area beyond death.

As a result there is a burning ambivalence in all this art. Despite the moralizing intention, one comes to suspect that the charming baby angel stifling his nose in his fist does not yearn for spiritual scents at all but for exquisite sensual perfumes that this earth alone can give, though not for long.

"We let gentlemen do business privately," says Bellini.

This year for the first time, the Soviet government has authorized representatives to sell (at least authorized by the Soviet Ministry of Culture). At the other end of the spectrum, there's the blue-chip Art Association Ltd. of the Bahamas.

Styles range from pre-Columbian to "Liberty," as Italians call Art Nouveau, and Art Deco. Objects include signed French furniture, English silverware, tapestries, carpets and even Renaissance jewels.

And, if anyone suspects a fake in this finest of shopping windows, they are invited to step into a special laboratory, where, for the first time at the biennale, laser beams and other scientific equipment will reveal the truth. Not only can an antique be dated, but also the nature and extent of restoration uncovered.

Luxury Antiques in Florence

by Susan Lumsden

FLORENCE — "It's not only the biggest, it's the oldest," says Marco Bellini, founder of the International Florence Antique Fair, which opened in the Palazzo Strozzi last weekend and continues to Oct. 11. "The Paris fair is only the 11th and has fewer participants."

Bellini is the secretary-general, his brother Giuseppe a director and his late father Luigi was the founder of this million-dollar biennale, a luxury trip to Newcastle. No less than 131 antique dealers from 11 countries journeyed with their finest paintings and furniture to Florence, the cradle of the Renaissance. Exhibition is by invitation only.

This year's bounty includes the painting "Estate" by Pieter Bruegel the Younger. There are works by Watteau and Boucher,

Guardi and Tiepolo and even by painters of the Florentine Renaissance.

As well as a marketplace, the elder Bellini wanted to establish in the biennale a sort of international university for antiquarians and scholars. For others, it's just nice to see the best of everything, of every time and place.

At the 1979 biennale, there were 146,000 paying visitors to the Palazzo Strozzi, which was lavishly decorated in sequential stage sets called stands, according to the taste of the antiquaria. The registration fee of \$700 includes the stand and the 864-page catalogue, which serves as the main guide to antiquaries for the next two years. The real cost per dealer, more like \$7,000, is covered by the sponsors, the Italian government travel office and the city of Florence.

The total volume of business is a secret, but is estimated to be in the millions of dollars.

ART EXHIBITIONS

BASEL

Picasso

IN BASEL/SWITZERLAND

Two significant exhibitions commemorating the centennial of the artist's birthday.

Gallery Beyerle:
PABLO PICASSO
Retrospective until 1963.
prolonged until October 10, 1981
Mon-Fri: 9-12 a.m., 2-6 p.m.
Sat: 9-12 a.m.

Museum of Fine Arts:
PABLO PICASSO
THE LATE WORK.
Themes 1964 - 1972
September 6 - November 8, 1981
10 a.m. - 5 p.m. daily

PARIS

GALERIE ARIEL

140 bd haussmann paris 8e

WEIDEMANN

jusqu'au 16 octobre

LONDON

MARLBOROUGH

4 Albemarle St., W.1.
01-629 5161

Opens October 2

KURT SCHWITTERS

In Exile: The Late Work
1927-1948

Fully illustrated catalog
available in English & German

WALLY FINDLAY

Galleries International
new york - chicago - palm beach
beverly hills - paris

LEFEVRE GALLERY

30 Bruton Street W1 - 01-4931572/3

20th-CENTURY WORKS ON VIEW

Monday-Friday 10-5

EXHIBITION PRIMITIVE ARTISTS

ADAMOFF - MAIK MILINKOV - NOVOA OLLIVARY - THOMAS

2, av. Matignon - Paris 8e
Tel. 226.70.74
mon. thru. sat. 10 a.m. - 7 p.m.

DRIAN GALLERIES

7 Porchester Place W2. 723 9473

Sculptures by Benita Armstrong/
Paintings by Richard Nichols
Till 3rd October. Daily 10.5 - Sat. 10.1

Wally Findlay George V

Hôtel George V - 723.54.00

DOUTRELEAU SIMBARI

31, av. George V - Paris 8e
daily 10 a.m. - 9 p.m.
sunday 7 p.m. - 9 p.m.

ALWIN GALLERY

9-10 Grafton Street,
Bond Street, W.1.
01-499 0314.

London's Leading Sculpture Gallery

CANNES

GALERIE HERBAGE

17, Rue des Etats-Unis, 06400 CANNES - 93/39.19.15

Permanent exhibit:

CALDER, CHADWICK, MAX ERNST, HEPWORTH, MATISSE, MIRO, MOORE, NICHOLSON, PICASSO, SUTHERLAND.

(Open from Tuesday to Saturday, from 10 to 12 a.m. and 2 to 7 p.m.)

PARIS

GALERIE CHARDIN

36, rue de Seine, 75006 Paris - Tel. 326.99.38

ILANA ELKON

WATERCOLORS

FROM SEPTEMBER 27 TO OCTOBER 12, 1981.

'We Are Here,' Says Stivell's Harp

by Jason Weiss

PARIS — When Alan Stivell, the singer and folklorist, was about 10 years old, his father built a Celtic harp, which had been effectively extinct since the 16th century. "I was following the building of that harp," a nearly half-size version of the classical instrument, "and when the first string was on, it was obvious that I would play it," Stivell recalls.

By the time he was 16, after study with a classical harp teacher, Stivell had made his first two records of Celtic tunes and songs, mostly from his native Brittany. "It was already a new form of Celtic music, because they were arrangements made for the harp from Breton, Irish and Scottish tunes; it was a fusion between Celtic and classical music. So my first step was already an evolution of traditional music."

The music led Stivell to a greater awareness and involvement in the Breton national cause. "After the political oppression by the French in Brittany, it's not in a way, natural to do this music," he says. "So, the music was affirming that we are here, that we can be Breton and living in the 20th century. It was political affirmation." The proof is seen at his concerts, currently at the Bobino theater in Paris, which attract a Breton nationalist crowd, including newspaper vendors and street orators, among his other fans.

While still playing his harp, Stivell soon was using the electric guitar in his Celtic music.

also an electric bass and a drum set, later even a saxophone. "Because while I have been fascinated by Celtic culture, I also like science fiction. I'm more interested in the future than the past." As such, he has been the catalyst of the progressive folk movement in France and the leader in the renaissance of Celtic music.

Stivell, now 37 years old, has always sought to bridge the gap between musical forms, as well as between cultures. Last year, the premiere and only complete performance of his "Symphonie Celtique" drew 10,000 people to a stadium in Brittany, where 300 musicians crowded on stage to render Stivell's vision.

Instruments included the Celtic harp, Uilleann pipes, sitar and the Andean quena, plus rock and jazz bands, as well as a symphony orchestra and chorus. Texts were sung in Breton, Irish, English and the languages of other "ancient minority cultures without a country or dominated by an empire" — Quechua, Algonquin, Sanskrit, Tibetan, Berber.

Stivell is an internationalist, with the Celtic world as his foundation. His name, adopted for the stage when he was 21, means "source" in Breton. Although the pitch of his political activity has diminished in recent years, he remains committed to his principles.

"Had the Left not been successful in the last French elections, it would have been the end of Breton culture. It couldn't survive any more. It's not enough to do a record each year to make a culture survive. It's necessary to have newspapers and radio, to learn the language, to have the teaching."



Stivell has resuscitated Celtic music.

"The victory of the Left is a victory of the [Breton] autonomists, in a way. Only 20 or 30 years ago, autonomists were considered to be Utopians if they asked for what we're going to have a year from now. And the true discovery of the Celtic culture even by the French themselves will be a revolution, because it's a change in the mind, in many things."

Alan Stivell performs at Bobino, 20 rue de la Gaite, Paris 14, through Oct. 11.

Nannies Are Made, Not Born

by Stella Shamoon

LONDON — Princess Anne and Princess Michael of Kent, despite their influence in high places, were both on the waiting list but couldn't get one. The Duchess of Kent and the Duchess of Gloucester each have one, and no doubt Diana, Princess of Wales, will get on the priority list for one, come her hour of need. Indeed, the royals are falling over themselves for nannies trained by the formidable Mary McRae, principal of the Princess Christian College for Nursery Nurses in Manchester.

While the gray-coated, gray-haired elite of veteran nannies in their 50s to 70s "rot out" as the bluecoated — even punished — young things calling themselves "Nanny" in London parks, the brown-uniformed Princess Christian Nursery Nurses command respect in both traditional and trendy camps.

A former nanny-turned-hospital-nurse, Miss McRae combines northern bluntness with a trace of inverted snobbishness in describing the college's training. "No," she says, "there is no special teaching of royal protocol at the college — everyone has to take us as they find us."

She cradles confidence about the excellence of her girls. "What they don't learn at school, they soon pick up in royal households, adhering to the required formality when visiting at "KP" (Kensington Palace) or "BP" (Buckingham Palace) or Windsor (Windsor Castle, which does not lend itself to the abbreviation of "WC") or "CH" (Clarence House, the Queen Mother's residence).

Clearly relishing being "in the know" about the most mundane domestic problems in some of Britain's top households, the discreet Miss McRae says she was surprised by Prince Charles' engagement to Lady Diana Spencer (whose place at the Chelsea nursery school has since been taken by a Princess Christian nanny). Miss McRae has a soft spot for royalty and is extremely pleased to have apparently surpassed in royal eyes her arch-rival, the Norfolk Nursery Training College in Hungerford. But Miss McRae is not in the business of training nannies only for royalty's children. Her "girls" also work in institutionalized child care — primary schools, hospitals, day nurseries, play groups, schools for handicapped children.

Demand exceeds supply and job opportunities are wide and international. The weekly magazine *The Lady*, a nanny's bible when it comes to seeking employment through classified ads, is full of offers in the United States, France, Italy and the Middle East as well as throughout the United Kingdom.

The increasing number of working mothers of children under the age of 5 has established a new demand for trained nannies, as opposed to au pairs. That demand is at least as great as it was from Victorian days until World War II, when upper-class mothers employed nannies for status, because families were large and so that they might concentrate on their social lives. The demand for nannies today is by no means restricted to rich households, although a certain level of income is assumed in employing a trained resident nanny.

Today's nursery may not be so isolated and grand as when "Nanny" had a nursery maid or two doing all the menial tasks and "Cook" served all the meals, but a trained English nanny still has status in a household and is taught not to expect to do anything that is outside her responsibilities in the nursery. Ask a nanny to



scrub the nursery floor — fine. But ask her to clean the kitchen floor and she will hand in her notice.

This sense of place and role appears to be a fruit of Princess Christian teaching. Set in a large, gray stone house with a pretty garden in a residential street, the college is not luxurious, but warm, homely and to all signs happy.

"Here I give my girls responsibility from the word go," Miss McRae explains. "We get all kinds here. But they are all outstanding in what they can offer in this world. They all have insight and talent, whether in needlework or whatever — that broader view that enables them to make a special contribution. I select my students very carefully. I make them understand they will be laying the foundation for the charges' outlook."

Training takes two years, comprising 18-week terms with 3-week breaks in between. Study periods, lasting 4 weeks, alternate with direct experience in caring for 27 resident children, aged from a few days to 7 years old. The children are placed by local authorities on a paying basis and frequently come from broken homes. Miss McRae is also discussing plans to open a private day nursery on the college's premises to meet a need in the local area and help with the finances.

For their practical work, six trainees are assigned to six children of differing ages in "family groups" under supervision of three staff members. These groups are attached to their own nurseries, comprising dormitories, playroom-dining rooms and bathrooms. Work starts at 7:30 a.m. when the children are woken up, washed, dressed and given breakfast. Then each child goes about her own routine, depending on age: some to school, others to the playground, still others to the park in a pram and then to rest.

Each student plans and cooks meals for two to four weeks and each prepares feedings for young babies. Trainees keep observation files throughout the course. The day's duties also include cleaning the nurseries, laundering and ironing the children's clothes, mending and needlework (examples of the trainees' snook-

ing and embroidery are of professional standard).

There are up to 48 resident students — minimum age 18 years old — during each course, with batches of 8 graduating 3 times a year. Apart from Norfolk and Princess Christian, there is only one other private nanny training college in Britain, the Children Nursery Training College in Reading.

In the postwar years, concern over the rapid increase in the number of private colleges (there were 23 at one time) and the growing number of untrained nannies led the Department of Health and Department of Education and Science to establish the National Nanny Examination Board, training course in 1945. That two-year course is now widely available at colleges and technical schools and is the basis of training at all three private colleges.

Apart from the practical work, the syllabus includes household management, diet, sewing, anatomy and physiology, theory of child development, hygiene and health education, social studies, nursery school experience and work in primary schools, observation in a maternity hospital.

But Princess Christian nannies must also take the college's courses on these subjects and those of the Royal Society of Health. Princess Christian also monitors the practical and professional behavior of its nannies for up to five years after graduation, awarding them further certificates if they pass the two-year and then five-year milestones with their professional reputation intact.

Unsatisfactory conduct or work could result in the nanny's name being struck off the college rolls or her certificate being withdrawn.

Cost of the course is £4,000 plus, including tuition, books, board and the tailor-made uniform. Once trained, the Princess Christian nanny — or "nurse" as she prefers to be called — can expect a starting salary of £45 a week (after taxes) in the provinces and £55 a week in central London. The nurse gets two days off a week and two weeks' paid vacation a year. Both nanny and employer are expected to give one-month notice of termination.

East Germany Rolls Out the Red Carpet

by Diane Seligsohn and Richard M. Evans

BERLIN — "As good hosts we shall be receiving friends from all over the world in this house," said Erich Honecker, the East German head of state, at the opening ceremony for East Berlin's Palace of the Republic cultural center seven years ago. Thus far, he has been wrong.

Most of those friends come from the Warsaw Pact countries; despite quality performances held in the palace and elsewhere each fall as part of the East Berlin Festival of Theater and Music, few western Europeans or Americans make the trip. Confusion about restrictions on western tourists may be the reason.

Visitors to East Berlin are free to take the subway, ride in a taxi or walk anywhere in the city. They can go shopping, have a drink, dance in a discotheque and chat with those East Germans who show an interest in speaking to foreigners. There is no curfew.

The festival this year begins Oct. 2 and continues until Oct. 18, offering opera, comic opera, symphonic music, cabaret and theater. The opening performance, in the Palace of the Republic's main concert hall, just off the Unter den Linden, comprises works by Beethoven, Tchaikovsky and Zechlin. The East Berlin Symphony Orchestra will be joined by violinist Igor Oistrakh.

Berlin music of the 18th and 19th centuries, including a symphony by Frederick II. King of Prussia, will be performed Oct. 3 at the Apollo Saal

of the Deutsche Staatsoper, a baroque opera house that has been destroyed and rebuilt several times during the last two centuries.

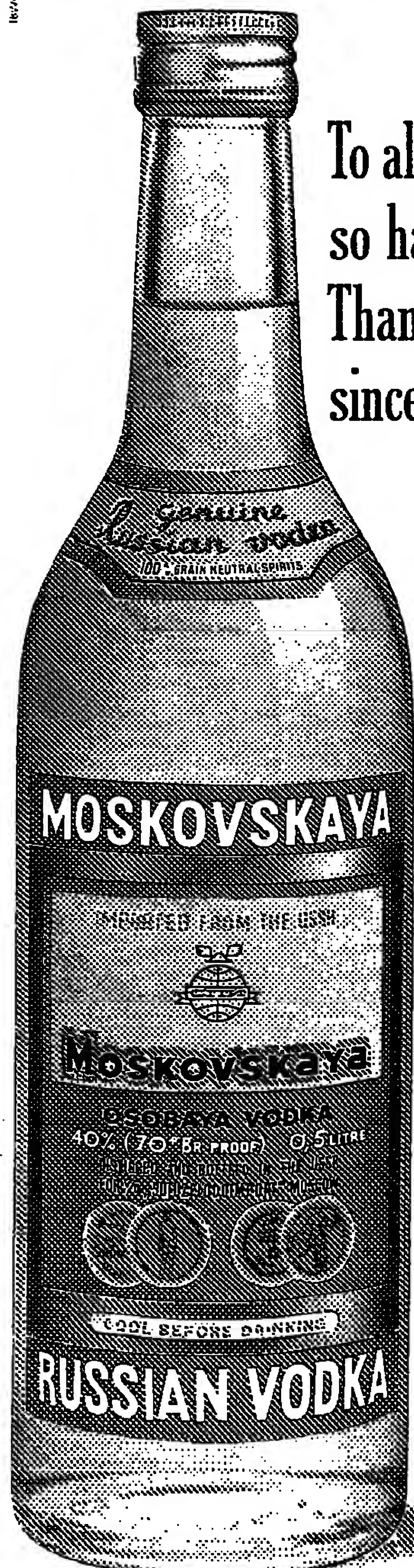
Oct. 3 is also the opening night of Wagner's opera, "Die Meistersinger von Nürnberg," at the Komische Oper. Opera is dominant in 19th-century German music and a major theme running through the East Berlin festival since its conception 25 years ago. Tchaikovsky's "Queen of Spades" will be featured at the Deutsche Staatsoper on the weekend of Oct. 9-10 and Shostakovich's "The Gamblers" on Oct. 18.

The visiting Zurich Theater is staging the Schiller play "Don Carlos" at the Berliner Ensemble theater on Oct. 10. The ensemble, founded by Bertolt Brecht in 1949, now works in the fine de sible opulence of the Theater am Schiffbauerdamm. Often opening its doors to visiting drama groups doing a wide range of plays, the Berliner Ensemble remains almost exclusively devoted to the works of Brecht and will perform his cabaret and theatrical songs on Oct. 17.

Conductor Vaclav Neumann is also visiting with the Czech Philharmonic. They will play compositions by Janacek, Berg and Dvorak on Oct. 16, followed by Smetana's "My Homeland" on Oct. 17.

Throughout the festival there will also be cabaret shows, folkloric troupes and a special program of "Music for Young People."

Ticket and hotel reservations can be made through East Germany's embassies or through the Interhotel chain, primarily the Palasthotel, Karl-Liebknecht-Strasse 5, 1020 Berlin; tel: 24-10; telex: 115050. These are the only hotels in East Berlin where Westerners are permitted to stay. Tourist visas are not issued without accompanying reservations.



To all other vodkas that try so hard to look Russian. Thank you. Imitation is the sincerest form of flattery.



Moskovskaya and Stolichnaya. Only vodka from Russia is genuine Russian vodka.

Reagan Backs Off From Social Security Plan

(Continued from Page 1)

people over three years, in part by attrition, in part through firings.

The rapid dismantlement of the Energy and Education departments as well as the elimination of a few smaller agencies and a number of boards and commissions, some of which have fallen into disuse or are being duplicated. Mr. Reagan will propose legislation by mid-October to abolish the Education Department and will complete by mid-November a plan for dismantling the Energy Department, a high-level administration official said.

Reduction of about \$20 billion in federal loan guarantees.

Tax code revisions, still under review, to raise \$3 billion; these will affect some residential and business energy tax credits, tax-exempt industrial development bonds, co-insurance arrangements by life insurance companies, the unemployment compensation tax threshold and corporate tax collections.

User fees for Coast Guard services, maintenance of rivers and ports, services to commercial airlines and private pilots, to recover \$980 million. Mr. Reagan pointed out that he proposed these fees in March and Congress has not acted on them.

Although Democrats are feeling newly restored strength, and some liberal Republicans are objecting to the president's having cut only \$2 billion from 1982 military spending while slashing social programs far more sharply, Mr. Reagan warned that his latest cutbacks are not the end.

There are still unidentified cuts of \$11.7 billion in 1983 and \$23 billion in 1984, according to his new budget figures, and worsening economic conditions or congress-

sional failure to heed Mr. Reagan's guidelines could raise these totals, he said.

"Let me be clear that this cannot be the last round of cuts," Mr. Reagan said. "Holding down spending must be a continuing battle for several years to come."

In contrast to the warm words the Reagan team directed at Congress in July after the president's budget and tax bills won Capitol

Hill's approval, Mr. Reagan blamed Congress for creating the need for some of the new cuts.

Some Areas Vague

But he retreated from his proposal last week that cost-of-living increases in Social Security and other entitlement programs be postponed once next year. Republican congressional leaders had reacted sharply, warning the presi-

dent that such a program would be defeated in Congress.

Mr. Reagan protected the latest round of budget cuts from some immediate political criticism by leaving some areas vague.

"I believe we've chosen a path that leads to an America at work, to fiscal sanity, to lower taxes and less inflation. I believe our plan for recovery is sound and it will work," he said.

U.S. Panel Votes Social Security Borrowing

By Warren Weaver Jr.

New York Times Service

WASHINGTON — The Senate Finance Committee has unanimously approved a Social Security bill designed to keep the retirement system solvent for the next five years, but a longer-range rescue appeared increasingly unlikely to win early congressional approval.

Working with a bipartisan coalition, the committee agreed Thursday to let the Social Security trust fund borrow from the parallel disability fund and to allocate a larger share of the overall payroll tax to the retirement fund.

The panel also voted to restore the minimum Social Security benefit for most of the three million people who receive it. Unless Congress acts, that \$122-a-month guarantee is scheduled to expire next March as part of the Reagan administration budget program.

Prospects for any Social Security legislation more ambitious than this dimmed, however. Speaker Thomas P. O'Neill Jr. said Thursday that he would support House approval of borrowing among the payroll tax funds, "but other legislation of a Social Security nature will not be taken up this year."

It appeared doubtful that the

Republican Senate leadership could win enough Democratic votes for proposals to deal with the more serious shortage in the Social Security fund that is expected early in the next century.

Experts estimate that the Social Security fund will fall billions of dollars short of paying benefits

Arizona Democrat To Switch Parties

The Associated Press

PHOENIX — An Arizona congressman has become the first Democrat during the Reagan administration to reject his party and plans to switch to the Republicans.

Bob Stump, 54, said at a news conference Thursday that he could no longer support "policies dictated by the liberals who dominate the party."

The third-term representative said he will wait until June switch parties to preserve his seats on the House Intelligence and Armed Services committees.

Concerning that party leaders could strip him of his committee assignments, he added: "I told them in advance and asked them to be allowed only to keep the five years' seniority I've earned."

and maintaining a modest reserve in the next five years. Under all but the worst economic conditions, interfund borrowing is expected to make up that shortage.

But much larger financial problems for the retirement fund are expected to arise about the year 2010, when the postwar "baby boom" generation begins to retire and contributions dwindle because of a smaller work force.

The minimum-benefit provision, which will now go to the full Senate for approval, would guarantee the minimum for all those who now receive it, with two exceptions: people living outside the United States and some people who also qualify for other government pensions.

Restoring the minimum benefit will reduce the Social Security fund by about \$5.3 billion over the next five years, so the committee approved two changes in the retirement law that would make up the difference.

One would raise \$2.5 billion by requiring those receiving sick pay to continue making Social Security contributions for six months. The other would impose a new ceiling on the retirement benefit a family could receive, which would save \$3 billion.

Political Realities Transform Reagan Speech

(Continued from Page 1)

embark on balancing it completely by 1984.

In tone, the speech lacked many of the rhetorical cadences of the president's previous four addresses on the economy. Instead, there were many lists of points, each with a set of supporting statistics.

Wall Street Reaction

[The initial reaction on Wall Street to Mr. Reagan's address was pessimistic, with prices on the New York Stock Exchange in a broad decline in early afternoon trading Friday.]

Unlike previous speeches, the address included a message reminiscent of former President Carter's preachings for sacrifice, as when Mr. Reagan spoke of "the imperative need for all of us to ask less of

in other parts, Mr. Reagan sounded uncharacteristically defensive, taking pains to explain what he had proposed on Social Security, only to add that his proposals were ready to be revised.

He sounded similarly defensive when he insisted that he was not raising taxes so much as eliminating "abuses and obsolete incentives in the tax code" that cost the government billions of dollars a year. This emphasis was testimony to the president's not wanting to be seen as reversing course after winning enactment of the biggest tax cut in history.

But on this subject, as on many others, Mr. Reagan was forced now to explain rather than exhort. Whether this approach, new to Mr. Reagan, will have the galvanizing effect on audiences that he has achieved before remains to be

However Mr. Reagan's tone differed from his previous calls to battle, the change most likely derived from the circumstances of the speech itself.

Since January, Mr. Reagan has won praise from critics and supporters alike for his ability to set an agenda and stick by it. But now he was being forced to act by circumstances beyond his control — namely, high interest rates, which have threatened to push the economy into a recession and undercut the revitalizing effects of his tax and budget reductions.

The potential reception in Congress was also different. Mr. Reagan could previously count in part on the effectiveness of a working coalition of Republicans and friendly Democrats. But indications from Capitol Hill dimmed

were now divided and key Democrats might no longer automatically line up in Mr. Reagan's corner.

In preparing for his speech, Mr. Reagan found himself hampered in both politically and economically. Economically, he faces the need to seek more than \$90 billion in fresh spending reductions between now and 1984 — without slashing the growth in military spending beyond the trims already announced or deferring or cutting back the recently enacted tax reductions. Politically, he faces a Congress divided over the wisdom of leaving military outlays or the tax cuts to

virtually nothing that Mr. Reagan proposed Thursday is likely to be politically easy. Even the tax code revisions will likely provoke opposition from an array of

A SPECIAL SUPPLEMENT

Arab/Latin-American REINSURANCE

Islamic World Awaits Cohesive Development

By Esme Howard

DIGGING for significant insurance trends in the Middle East is probably as speculative as the search for oil in other regions. If there are trends, even in an homogeneous region such as the Gulf, they are substantially buried under the sands of political and economic uncertainty.

The creation of the Arab Insurance Federation in 1964 was an appropriate way to start more regional independence in insurance. The Arabs have since built up their retention by forming better structured local insurance companies, private or state owned. The concept of co-insurance was developed and regional pools and reinsurance markets were gradually assembled.

When the oil boom occurred in 1973, the stage was set for what could have been a major breakthrough for Arab insurance. But

economic inter-dependence stretching into insurance while so much unquantifiable risk can be sensed.

Capital Expenditure

In the 1970s, the issue was whether the world could digest oil surpluses. Now we are left to grapple with political tension marks over at least six sovereign states in the area. It is hardly surprising that the governments and ruling families of the Middle East should remain ultra-cautious in their approach to capital expenditure even though the Arab members of OPEC will have huge balance of payments surpluses that will persist for years.

Besides, the major projects yet to be completed require enormous technical skills involving higher-quality risk management and damage prevention. This means putting into cold storage part of the ideology behind an Arab common market for insurance and offering, in its place, a strategy of compromise about regional national and regional aspirations to the most inescapable dependence on foreign expertise and capacity.

The Gulf region crystallizes the diversity of issues confronting Arab insurance as a whole. Attitudes, perceptions, and ambitions differ greatly. Saudi Arabia and its neighbors are among the most conservative regimes in the Middle East and do not accept easily disruption of any kind, whether induced externally or internally. The unavoidable large income which comes from producing 32 percent of total world production of oil obviously creates a disruption that can only accentuate the conflict between the fundamental Islamic attitudes to commerce (which have been partly responsible for stunting the growth of a viable insurance market in the region) and the new technology of big capital and mounting power structures.

Changing Systems

Eventually, there should be some partial legalization of insurance. This will be signaled once the Arabs gain their rightful control over the spin-offs from the major development projects, and move away from the big money industry system introduced by the international broker communities in the early 70s as a means of getting the bigger risks written. This is change that could lead to the establishment of significant trends.

Moves toward better-controlled regional and local Arab insurance (Continued on Page 10S)

The Gulf region crystalizes the diversity of issues confronting Arab insurance as a whole.

things happened too fast. Insurable risk by the late '70s vastly out-ranked national and regional capacity in the area. Thus, an almost laissez-faire dependence on international reinsurance markets grew greater, despite the fact that many of the London and international carriers of Arab risk found conditions much less profitable than they would have hoped.

Other Problems

There have been other problems. For the last four years, the marketplace for insurance on a global basis has been glutted. Opportunists, looking for insurance cash flows in the wake of the Arab oil boom, have been frustrated by rising conditions in the region and by the lack of structure and control in direct markets.

Religious constraints have always added an awkward dimension to the mechanics of writing local risk. Furthermore, problems associated with politics worsened, and because of this, the relationship between risk and reward in the region remains unattractive to local Arab or foreign-run direct insurers as well as to overseas reinsurance markets. There are a number of highly professional insurance companies in the Arab world overall, but the market remains underdeveloped, a fact cruelly illustrated by the Umm Said disaster in 1977. Not only are the Arab pools apparently failing to attract enough local business, but the world at large is still reticent about buying capacity from that part of the world generally.

Recognizing this, can significant insurance trends emerge in the 1980s assuming an end to the down-cycle in international markets? It's hard not to be reminded, as one skirts Iranian airspace on the way down to the Gulf, of the profound impact that the Iranian revolution has already had on the whole of the Middle East. The recent Islamic revival would seem to promise an overall sense of pan-Arab or regional co-operation, without necessarily losing the crucial advantages of trade and partnership arrangements with the industrialized Western nations. It's hard to envisage this theme of eco-



Hurricane damage in certain parts of Latin America is one of the insurance and reinsurance industries' recurring nightmares.

Mexico, Central America Cope With Disasters

By Roger Hardman

DESPITE geographical proximity and a common language and history, the only thing that Central America and Mexico have in common is a vulnerability to natural catastrophes. Earthquakes, hurricanes and volcanoes are the terror of the region's insurance industry.

Mexico is by far the largest country in the region. Its population of 55 million and its land area of 761,000 square miles are both more than Central America's combined.

Ranking 23d

According to the Swiss Re. Mexico ranks 23d in the world in terms of premium income. Non-life premium income is well over \$500 million, and growing very rapidly. The thriving insurance industry there supports 29 companies in life insurance, and 47 in the non-life field. The insurance industry is dominated by the top 10 companies, which account for well over three-quarters of premium income.

Three of the insurance companies in Mexico are state institutions, which give considerably more financial strength and respectability to the industry. One concentrates on life assurance, one on general insurance and one on providing cover to the agricultural industry.

Tight state regulations control the outflow of certain types of reinsurance from Mexico to other countries, giving the nation an active and large domestic reinsurance market. But the market is not closed and considerable volumes of protection are purchased overseas. Mexican insurers also participate actively in overseas reinsurance pools and underwriting arrangements. Incoming reinsurance from abroad accounts for a third of all reinsurance written by Mexican companies.

As far as the direct market is concerned, motor insurance is by far the biggest single sector, accounting for over 40 percent of non-life premium income. Fire insurance is the next largest, with 25 percent of total premiums, although its 15-percent-plus per annum growth rate is made to look positively pedestrian by the 23 percent yearly growth of the motor account. Accident insurance, liability, agriculture and credit insurance continue to be relatively undeveloped markets.

A look at other countries in the region:

- **BELIZE** — Immediately south of Mexico, it became independent from Britain on Sept. 21. With a population of 140,000, it has a home-grown insurance industry, and regulations and capital requirements make it easy to start an insurance company there. The main concern of insurers is hurricanes.
- **GUATEMALA** — It has 14 insurance companies, many of which contain foreign shareholders. The market is small, but has been growing fast — growth rates of over 40 percent a year have been recorded in non-life business.
- **HONDURAS** — It has one of the lowest figures for insurance per head in Central America. There are only six insurance companies operating in the country. Business is entirely local, and there is little local reinsurance, apart from the membership of some of the companies in organizations such as the Resseguradora de Centroamerica.
- **EL SALVADOR** — The continuing civil war is the main con-

cern facing the insurance industry in El Salvador. Some Salvadoran insurance companies have been attempting to buy civil war cover in the reinsurance markets worldwide, in order to be able to extend the terms of their domestic policies. This seems a forlorn hope, and the international insurance market is mindful of the horrifying impact on local industry of similar civil wars in Lebanon and neighboring Nicaragua. There are, however, some sound, well run and internationally respected companies among the 10 direct insurers operating in El Salvador.

Costa Rica is laboring under the twin disasters of profligate foreign borrowing, and a collapse in the coffee price to a fifth of its levels of four years ago. The country has now run out of foreign exchange and has seen its currency collapse from 8.5 colones to the dollar to 27 in the street markets in just two years. The critical shortage of foreign exchange and the negotiations with the IMF on debt repayments have, of course, had their impact upon reinsurance premium outflow from the state company. As the matter had been amply explained by the state authorities, and as the Instituto Nacional de Seguros is well respected internationally, the international reinsurance community is placing a great emphasis upon this local — and in insurance terms, temporary — difficulty.

Costa Rica is laboring under the twin disasters of profligate foreign borrowing, and a collapse in the coffee price to a fifth of its levels of four years ago.

The biggest markets in Latin America are Argentina, Brazil, Venezuela, Mexico, and now Panama, which is showing signs of being gradually accepted as a reinsurance center in the region. Argentina has moved remarkably fast over the past few years to gain credibility in the international marketplace, overcoming the immense inflation handicap, which touched 100 percent five years ago.

Argentina
In reinsurance, Argentina's government company, the Instituto Nacional de Resseguros, has an effective monopoly on the 25 percent of the country's direct premiums — a monopoly that the other

Panama, a Crossroads, Seeks Lead Role

IN SPITE of its small size and population of 1.8 million, Panama is making a serious play for insurance leadership in Latin America. At present, it looks very much as though it might succeed in its ambition.

New foreign insurance companies are opening offices in the country with increasing frequency. Panamanian insurance and reinsurance conferences are attracting delegates of an increasingly senior status from a growing circle of international companies.

Why has Panama proved so

popular with the international insurance community? The first point is that its geographical position at the crossroads of world trade has given it a facility and an aptitude for financial transactions. Sixty percent of Panama's gross national product comes from the Panama Canal, a figure that will be increased by the trans-Panama oil pipeline, for which the final contracts were signed in Panama City in early July. There are no restrictions on capital movements.

Politically, the country has a middle-of-the-road approach. The government of President Aristides

Royo has, for instance, been a supporter of the leftist revolution in Nicaragua and the rebels in El Salvador. But at the same time it has heavily criticized Cuba for attempting to meddle in the affairs of other Central American countries, and encouraged private enterprise internally in every direction.

New Law

The government's involvement in reinsurance in Panama has extended to the promotion of a new insurance and reinsurance law governing the industry, and the active part taken by no less a person than President Royo himself in encouraging participation in it.

The new Panamanian insurance law is aimed very much at removing the stigma attached to Panama as an offshore financial center where in the past some unsavory financial characters ran riot. It gives the commissioner of insurance sweeping powers to intervene in the affairs of any insurance or reinsurance company. And it lays down strict requirements that any organization has to fulfill before being allowed to operate from or in the country.

To obtain a license, an up-to-date balance sheet (no more than 90 days old) and a \$1,000 check to meet the costs of a commission investigation into any fact it may deem necessary, have to be provided. A paid-up capital of at least \$250,000 is necessary, and there

Smaller Markets

Some of the smaller markets in Latin America are also gearing up for big changes in the '80s. Chile, for example, has already taken the gigantic step last year through new legislation that both increased the capital requirements of direct companies and dissolved the monopoly held by the Caja Resseguradora de Chile for all the reinsurance business in the country.

The effect of this violent swing was inevitable — results have dropped badly, and so far Chile is not attracting the type of business it needs from outside. However, this step in the right direction should mean that Chile will be an important market by the end of the '80s if it can come to terms with its serious economic problems.

Colombia, a small but growing market, encourages completely free competition and has only one state-owned company, the Previsora, and a major reinsurance company that is owned mainly by the local market. Results have been consistently good over the past few years, with average to low loss ra-

(Continued on Page 10S)

Mideast Construction: High Risks

By Valerie Pegg

THE ROUTINE in Baghdad has been temporarily disrupted because of construction projects that are estimated to be worth \$3 billion. Much of the work is expected to be completed before the September, 1982, nonaligned conference.

Hotels, express highways and a subway system are among the projects.

On any one of these major construction risks, the National Iraqi Insurance Co. may retain an insured value up to \$120 million for its own account before seeking the support of reinsurers. Exactly what constitutes "one" risk is usually determined by the national company.

In Iraq, Libya and Syria, there is no local competition for construction insurance. The state-owned national insurance companies have

a monopoly on all business emanating from within the countries and needs only reinsurance outside over and above certain financial limits. Because there is no competition, premium rating is usually high, making the reinsurance business attractive enough to induce feverish competition among brokers and reinsurers.

Exact Terms

In many such cases, the reinsurer never knows the exact terms of the original direct business. On the information provided, the reinsurance terms may be drawn up outside the country and presented almost as a fait accompli to the local insurance market.

Iraq is regarded as one of the region's big spenders on vast construction programs. On a par comes Saudi Arabia, with Kuwait just behind and catching up fast. All are considered continuing ma-

for growth areas in both construction and insurance terms. Oil and petrochemicals will continue to provide large high technology projects to whet the interest of international contractors which in turn will pay the premium for smaller downstream industries. Spin-offs on business from construction work in the form of plant, machinery, fire and many other risks provide a continuous flow of business to insurers.

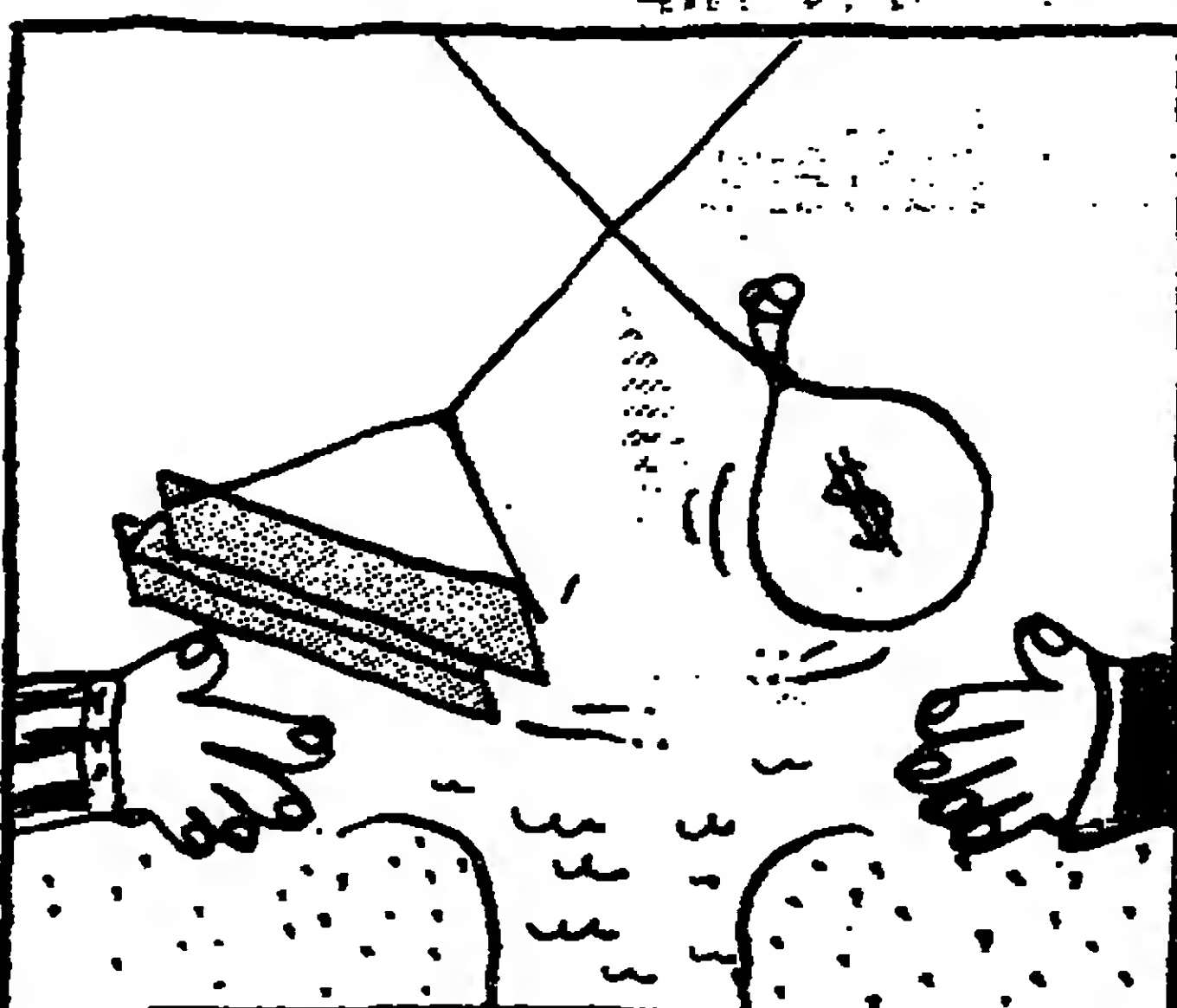
Insurance operations vary widely between the individual countries in the Middle East. Abu Dhabi, Kuwait and Qatar may each boast sophisticated insurance markets with the respected expertise of top insurance officials. In these markets, three or four national insurance companies compete for business. Any policy must be issued by one of these companies, but the whole of the risk can be reinsured. In Jordan and Oman there are 28 and 20 insurance companies, respectively.

Construction insurance in Egypt depends very much on the "end product" of the building. If the end product is for export purposes then this is known as a free zone situation in which insurance can be placed either with one or both of two free-zone Egyptian companies or with a foreign company.

If, however, the end product is for domestic consumption, only then the insurance must be placed with one of the six state-owned national companies. Insurance on the planned power station at Shoubra, which at today's prices will have a value of around \$690 million, was first put out to official tender to the six national companies. A sum is paid for the tender document and the company can then draw up its reinsurance program according to the terms set out in the document. The management contractors, in this particular case Overseas Bechtel and the Egyptian Electricity Authority, will then choose the most suitable insurance program of those submitted.

Some countries, notably Egypt and Kuwait, impose a further financial liability on the contractor in the form of a retention guarantee as insurance on the building for a period of years after the project is completed. Decennial insurance is mainly a guarantee against structural default and usually remains in force for 10 years after completion.

Valerie Pegg is a regular contributor to *Re Report* of Britain.



Venezuelan Wealth Fuels a Thriving Industry

TO TALK of Venezuela's having problems is to insult every other country in Latin America. It is the richest country on the continent, with a gross national product per capita approaching \$3,000. It has none of the foreign exchange and international borrowing problems that plague, for example, Brazil and Costa Rica. While almost every other nation on the continent is searching for oil, usually more in desperation than expectation, Venezuela has had abundant oil for a long time.

But Venezuela has become so dependent on oil that without it the country would be in a perilous state. Over 90 percent of its export earnings and around three-quarters of the government's income come from it. Its unique geographical position — by far the nearest of the major oil producers to the U.S. East Coast refineries, even now that Alaska is on stream — has meant that its oil has traditionally commanded a premium price. Exploration is now taking place in new areas of the country, notably in the west, in regions centered around the Orinoco River.

Great Relative Wealth

Venezuela is also rich in other raw materials. Work is already under way on new steel works to take advantage of these, and it is understood that more steel and coal-based industrial complexes are planned. It is hoped that these will give the economy a broader base. They should also give the Venezuelan insurance industry, which like

the nation's economy is one of the most highly developed in the region, a broader spread of risks.

Venezuela's long-standing position of great relative wealth has given it a strong and thriving insurance industry. A large motorized population (one car for every 12 people) gives it a healthy motor account. The nation's life business accounts for 23 percent of premium income, against, for example, 15 percent for Brazil and just 3 percent for Argentina (the figure, while high for the region, is still less than that for exceptionally life-conscious Barbados and Panama). Venezuelans spend more money on life insurance than the inhabitants of any other country in South America (as distinct from Central or Caribbean America).

While Venezuela's total non-life insurance premium income, at \$481 million, is only a little over a third that of the largest country, Brazil, in terms of premium income per head it eclipses every other country in the region, even Panama. And its reinsurance premium income per head adds up to more than the next three countries put together.

The fire market, the largest sector in the Venezuelan insurance market, has traditionally been very profitable, with large parts of the ratings controlled by an official tariff structure. As a developed country, there is a relatively good spread of risks, and Venezuela is also out of the mainstream of natural catastrophe risks — the earth-

quake belt running through Central America leads to its west, for Colombia and Ecuador, while it is too far south for hurricanes. The catastrophe risks are man-made, at the oil refineries and the chemical plants. As Venezuela is expanding and modernizing its state-owned oil refining industry, these risks will become increasingly important.

Single Industry

A country with its economy dominated by one industry, an industry both state-owned and revolving around a relatively small number of large-exposure risks, and a country that steers a middle-of-the-road policy on nationalization, can be expected to have its insurance industry dominated by a few very large companies. This, indeed, is the case.

Although there are 42 direct insurance companies operating in Venezuela, the eight largest account for over half the market. Their results have been, in general, good, and the business stays very much in Venezuelan hands, as regulations limit the participation of foreign-owned insurers in the national industry.

The way the business arrives at these companies, however, is another matter entirely. There are more than 2,000 insurance brokers operating in Venezuela, a considerably higher ratio of insurance brokers to population than, for example, in Britain. Most of them are small operations and many are run by one man. A proportion of the

brokers are part-timers, moonlighting from other full-time jobs in the hope of establishing their own business.

Because many of the rates are controlled, effective competition between the companies takes the form of offering higher commissions to the broker. Venezuelan direct insurance company claims ratios are good, but high broker payments tend to push up expense ratios. The problems this causes — an insurance industry whose rates are protected to ensure its financial health, but which dissipates this financial strength to brokers in an effort to secure more business — may at present be in the process of being resolved by market forces. There have been complaints in the Venezuelan fire market this year that rates are no longer adequate, and that the tariff might, for once, be acting against the interests of insurers.

Whether this proves to be true or just another case of underwriters crying wolf remains to be seen.

If the Venezuelan fire market is starting to turn sour, the effects will be felt eventually in the world insurance markets.

While there are limits on the kinds of reinsurance that can be placed with overseas reinsurers through regulation designed to encourage the local reinsurance market, the domestic reinsurance organizations retrocede an important slice of their business into the international markets.

— ROGER HARDMAN

Arab/Latin-American REINSURANCE

Mideastern Quakes Costly in Lives, but Not in Property

By Wayne Asher

THE MOUNTAINS skipped like lambs and the hills like young sheep," wrote the scribe in Psalm 114. He was describing an earthquake, which have plagued parts of the Middle East since recorded history.

A vast belt of seismic activity stretches from North Africa through Southern Italy and the Balkans, across into Turkey and down into Iran.

Insurance is something of a cold-blooded business. A bad earthquake in insurance terms is not one that kills thousands of small farmers, but one that causes severe damage to property.

Looked at like this, most quakes have not been too expensive because they have occurred in remote rural areas with little industry.

Earthquake was not covered under Algerian fire policies, and the only major losses at El Asnan came under "Construction All Risk" policies. The sums involved were so small that they were retained within the country, and reinsurance treaties, the bulk of them written in London, were not affected.

The major Italian quake last year occurred in remote and underdeveloped hills outside Naples. There were few large insured values, and the biggest claim came from damage to three small Fiat plants. The damage was valued at \$15 million, but because Fiat chose to carry a large deductible, the cost to insurers was relatively minor.

It is probably in Iran that the greatest loss potential is to be found. The late Shah's industrialization programs had made it one

of the developing world's most important countries in insurance terms, with a premium of \$400 million a year.

Much of this, however, was accounted for by massive schemes with high catastrophe potentials. Awareness of this may have prompted the Iranians to avoid clamping down on currency outflows after the fall of the Shah. Despite nationalization of 14 private companies reinsurance continues to flow out of the country through Bimeh Markazi.

Research Needed

Iran shows graphically the continuing need for research into seismic activity, for although the records are good (because of continuing civilizations in the area for 2,000 years), they are far from complete. Thus in 1978 a quake

struck Tabas, some 400 miles east of Tehran. It killed 5,000 people in an area considered to be free of major tremors. As a result, ratings had to be revised.

Because the Earth is constantly moving, new fault zones can suddenly appear without warning. In 1877 a major quake hit Ciudad Juarez in Mexico, previously considered stable. And the 1968 shock in Western Australia was similarly unexpected.

This last event illustrates another problem with Middle East exposure. A shock registering 6.8 on the Richter scale and occurring at a shallow depth below the town of Meckering left 35 percent of the buildings undamaged.

A similar-sized shock in Southern Iran in 1972 killed 5,000 people and flattened whole villages.

The difference is that the framed buildings with light roofs were able to absorb the shock, while the monolithic structures with heavy roofs in Iran simply collapsed.

Research

Much research into earthquakes has been carried out by insurers in the past decade, insurers whose minds are increasingly concentrated by catastrophe exposures in Tokyo, Mexico City and California.

One result was the development of codes for building, once it was realized that buildings can be made earthquake-resistant for only a modest extra outlay, for example by building on a symmetrical basis and avoiding basement car parks.

Wayne Asher is deputy editor of the British journal Insurance Age.

Uniformity Sought in War Risk Rates

By Chris Hewer

THE INSURANCE of war risks in marine insurance markets, always an extremely sensitive subject, has proved especially problematic over the years for shipping interests in the Arab nations.

The basic war rates and additional premiums promulgated for Gulf shipping movements in leading international marine insurance markets, particularly London, have understandably met with a mixed reception in those areas affected by premium increases or cover restrictions.

It was perhaps not surprising, therefore, that a number of Arab states in the Gulf region decided last year to form a specialized syndicate dealing with the insurance of hull and cargo war risks, designated the Arab War Risk Syndicate.

Competition

This is in effect a consortium set up by about 30 insurance interests in Kuwait, Iraq, Bahrain, the United Arab Emirates, Oman, Qatar and Saudi Arabia. It has been operating since the end of last year.

But the syndicate is not seen by its organizers as being in open competition with other in-

ternational markets for war risks business. Its intention, rather, is to bring a much needed degree of uniformity in the Middle East in connection with the fixing of war rates and the level of additional premiums charged for the traditionally "high risk" areas.

In the event, the syndicate has not taken large amounts of war risk business from the London market and elsewhere, as Arab insurers already insured the war risks on Arab fleets and on many cargoes moving into and out of the area, together with the direct marine risks.

Legislation in many Arab countries requires that such risks be insured locally. Major difficulties, however, have arisen in the past when individual Arab insurers came to reinsure their war risk participation in foreign markets. Reinsurance rates would vary, for example, from underwriter to underwriter in London and this led to confusion and dissatisfaction among Arab shipping interests.

Uniformity, Rationality

It was against this background that the concept of the syndicate was born, the intention being to create uniformity and rationality in war risk un-

derwriting and to help share the load of such coverage.

It was realized also that, by pooling the war risks in this way, it would be possible to reinsure the syndicate's entire book of business as one reinsurance rather than continue with the previous practice, which saw each individual insurer reinsure his war risk exposure separately.

Through the intermediary of three London brokers (Alexander Howland, C.T. Bowring and J.H. Minet) reinsurance was placed in London to cover the syndicate's writings at a cost considerably below that which had prevailed under the old system.

The reinsurance policy, which was led by Lloyd's, was written on an annual aggregate deductible basis. This provided syndicate members with coverage for loss up to a specified maximum on any one hull (or limit per any one vessel in the case of cargo risks) after they had borne a fixed amount of the aggregate risk themselves.

Chris Hewer is commercial editor of Fairplay International Shipping Weekly.

ARG ARGENTINE REINSURANCE GROUP

Formed by:
Reaseguradora Argentina S.A.
RASA RE
Aseguradores De Cauiones S.A.

Head Office: 580 Paraguay Street, 1057 Buenos Aires, Argentina.
 Phone: 32-5321/22/23
 Telex: 17321 BOND AR
 18520 BOND AR
 Cables: SUSCRIPTORES

London Contact Office: 20 Lime Street, London, EC3M 7HN, England.
 Phone: (01) 626 7636
 Telex: 893304 RASAREC

Panama, a Crossroads, Seeks Lead Role

(Continued from Page 95)

are strict reserving requirements. Loans on property, with first mortgage guarantee, can account for 20 more than 60 percent of assets. Loans in bonds and shares can be included at no more than 60 percent of their market value. Property included in the investment portfolio must, by law, be backed by adequate fire insurance.

Opening Books

Panamanian reinsurers must open their books to the commissioner of insurance when requested, not just at the time of the annual returns, as is the case in some countries. The commissioner has the power to appoint receivers to any company it considers suspect, particularly if it considers business

to be conducted in an "illegal, negligent, or deceitful manner."

There are appeal procedures that reinsurance companies can use in the event of the commissioner's becoming overenthusiastic. But by and large, the law is strict enough to discourage fringe operators. And also, less pleasingly to some Panamanians, it is strict enough to discourage captive insurance companies, which prefer the less demanding legal climates of Bermuda, Jersey and Gibraltar.

It says much for the reputation Panama is now starting to acquire in the world of reinsurance that at a conference in July, hosted by the Association of Panamanian Reinsurance Companies, 300 delegates from 36 countries, including market leaders from Britain, the United

States and Europe, attended. Much of the talk there was concerned with the need for better security, for the establishment of sounder reserves, and with the need to avoid the heavily risk-prone business that, intentionally or not, can sometimes bring even the most powerful of insurance companies to its knees.

From the insurance and reinsurance point of view, Panama is now developing into a sophisticated, well-regulated market. Until some other Central and South American countries develop better financial stability and improved insurance laws, Panama is likely to remain at the forefront of international insurance business in the region.

—ROGER HARDMAN

Business Is Developing Slowly in Jordan

Special to the IHT

THE INSURANCE business in Jordan, as is the case with commerce in general, is dominated by Amman. Insurers seeking to operate outside the capital can pick up only motor vehicle business plus the occasional life proposal.

As in most Arab Middle East countries, the insurance portfolio in Jordan is unbalanced; indeed, a balanced portfolio cannot be foreseen for many years. The register is dominated by motor and marine cargo business (virtually all on imports, as the law requires all goods imported to be covered with a licensed insurer).

Market premium income for 1980 was as follows: marine, JD 4.2 million; fire, JD 1.3 million; motor, 5.2 million; accident JD 2.3 million; life, 2.1 million. This makes a total of JD 15.1 million.

No Tariffs

This represented a 20 percent rise on 1979 (JD12.6 million). A feature has been the development of life insurance, which in the last few years has quadrupled. The life market is dominated by two companies, and with an average premium of less than JD 1 per head of the population there is considerable scope for expansion.

Motor business represents one-third of the national register. The broad picture is that third-party business is profitable, accidental damage unprofitable. There is no underwriting. Normal steps such as the imposition of substantial excesses, raising up young drivers and sports and luxury cars, are not practiced. A hoard of insurance canvassers haunt the motor vehicle licensing department offering reduced rates to get business, often with no proposal form and no record of past experience.

The fire portfolio showed a 25 percent expansion in 1980. Much of this is due to the completion of a number of projects under the 1975-1980 five-year plan. The portfolio is unbalanced, however, being dominated by the insurances of a small number of valuable industrial complexes.

Simple risk business is hard to come by. The normal private houses, shops, small warehouse, is not insured. Construction throughout Jordan is heavy (usually stone, some concrete). The fire record generally has been good, but the country is subject to earthquake risk; the Jordan Valley, the deepest rift on the earth's surface, is on the Western edge.

With the passage of a social insurance law in 1980, workers' compensation insurance has practically disappeared. There is hardly any personal, accident, public liability, glass, fidelity, miscellaneous accident business; the "accident" premium income is largely contractors all risks, where weather conditions (snow in 1980, heavy rains and flash floods in 1980-81) caused some serious losses.

Thirty-nine insurers operate (25 Jordanian, 14 foreign); two are specialist life companies. This is far too many for the size of the market. Another problem is an insurance control law (1965), which imposes deposits, a concept that many observers think is outmoded in 1981.

With the passage of a social insurance law in 1980, workers' compensation insurance has practically disappeared. There is hardly any personal, accident, public liability, glass, fidelity, miscellaneous accident business; the "accident" premium income is largely contractors all risks, where weather conditions (snow in 1980, heavy rains and flash floods in 1980-81) caused some serious losses.

Thirty-nine insurers operate (25 Jordanian, 14 foreign); two are specialist life companies. This is far too many for the size of the market. Another problem is an insurance control law (1965), which imposes deposits, a concept that many observers think is outmoded in 1981.

Latin Trend

(Continued from Page 95)

ties from its 65 companies. Paraguay, a tiny market with only 30 companies and no national reinsurer, has a very low exposure to catastrophe. Gradual industrialization in the country over the past 10 to 15 years has meant promising fire results with very acceptable loss ratios of 20 percent.

Catastrophe Losses

There are, of course, countries that do live up to the common catastrophe losses image — particularly the Dominican Republic, which was badly hit by Hurricane David; Honduras, whose fire business is exceptionally exposed and requires excess protection; and Guatemala, Nicaragua and El Salvador whose progress has been held back, and even retarded, by internal struggles and problems. All three countries are supported in their insurance markets by Mexico, which assumes much of their business through reinsurance and ceding arrangements.

This brief assessment of the Latin American market shows how countries sharing the same language and the same problems of inflation and economic discrepan-

Insurance Markets
 (Distribution of Latin American insurance markets by number of companies and average premiums per company in thousands of U.S. dollars.)

Country	Number of companies	Premiums per company
Argentina	278	1701.2
Bolivia	16	1304.8
Brazil	95	16316.9
Chile	97	481.6
Colombia	65	4964.4
Costa Rica	1	65706.2
Ecuador	26	2222.2
El Salvador	17	2136.4
Guatemala	14	4236.7
Honduras	6	3446.2
Mexico	49	14712.1
Nicaragua	11	1870.1
Panama	27	2774.5
Paraguay	30	562.9
Peru	18	4976.1
Puerto Rico	22	1986.0
Dominican Republic	52	1130.2
Venezuela	43	15183.6

Head Office: 1057 Buenos Aires, Argentina.
 Phone: 32-5321/22/23
 Telex: 17321 BOND AR
 18520 BOND AR
 Cables: SUSCRIPTORES

London Contact Office: 20 Lime Street, London, EC3M 7HN, England.
 Phone: (01) 626 7636
 Telex: 893304 RASAREC

Jordan Insurance Co. Ltd.

ALL CLASSES OF INSURANCE AND REINSURANCE

Brazil: Room for Growth as Economy Gains

By Asif Huda

BRAZIL is one of the developing world's success stories. Its economy continues to grow, although high rates of inflation and debt servicing have created problems.

The local insurance market is unusual in the sense that it is one of the few countries where close connections exist between the industry and the government. It was also one of the first countries to establish a state monopoly for reinsurance. That state monopoly is led by the IRB (Instituto Reasegurador do Brasil) and SUSEP (the federal agency), which between them share the responsibility for reinsurance and retrocession operation in order to support the country's economy and social policy.

In recent years, however, a marked decline in the number of

companies operating in Brazil is evident. Less than 100 companies operate today, compared with three times that number 10 years ago. One of the major reasons for the decline is the government policy of encouraging amalgamation of companies. The effect of this has been that a large number of private and overseas companies have been losing business in Brazil.

Banks, Insurance Links

Another interesting feature of Brazilian insurance is the close association between the local banks and insurance companies. It is estimated that around 50 percent of all insurance business is controlled by companies owned by the banks. Overseas participation has shrunk in recent years, as foreign companies are allowed only a 30 percent stake in Brazilian insurance companies.

The state sector produces about 45 percent of the total business

and the local companies decide their allocations by lottery. One of the classes of business where it is compulsory to insure through the state is motor.

Licensing a vehicle is compulsory and third-party cover is bought simultaneously. Accident benefits are relatively small: £750 for death and £700 for medical expenses.

A rather unusual aspect of Brazilian motor insurance is that the insurance covers the car and not the driver. All motorists pay the same premium and no bonus is allowed for a "no claims" record.

State regulations also ensure that any building worth more than £3,000, and freight worth more than £1,000, must be covered by insurance. Premiums on this class of business are high. The business is lucrative but strict government control exists on where the companies place their investments.

The economic boom under way

in Brazil has led to an upswing in the insurance business, with premiums rising 500 percent between 1977 and 1979 from CR 164.7 million to CR 983.6 million. Contractors' all risks and engineering all risks business has done particularly well.

Also benefiting has been household, now 6 percent of the total market, life, 16.5 percent of the market, and motor, up to 15.4 percent.

While insurance conditions remain buoyant on the back of the huge economic development, there is considerable room for further expansion. Room exists for expansion in the personal insurances, particularly private, health and household.

Asif Huda is a free-lance journalist based in London.

1982 13th YEAR OF OPERATION

ALAB

13o AÑO DE OPERACION

Sindicato PROFESIONAL LATINO AMERICANO DE REASEGUROS
 PROFESSIONAL LATIN AMERICAN REINSURANCE SYNDICATE

MEMBERS

CIA. AGRICOLA DE SEGUROS, S.A. (Bogota, Colombia)	BOLIVAR, S.A. DE SEGUROS GENERALES (La Paz, Bolivia)
CIA. CENTRAL DE SEGUROS, S.A. (Bogota, Colombia)	THE ORIENTAL FIRE & MARINE INSURANCE CO., LTD. (Singapore, F.M.S.)
SEGUROS LA UNION, S.A. (Bogota, Colombia)	FIRST FIRE & MARINE INSURANCE CO., LTD. (Santo Domingo, D.R.)
ASEGURADORA DEL VALLE, S.A. (Medellin, Colombia)	PAN KOREA INSURANCE CO. (Seoul, Korea)
INSTITUTO NACIONAL DE REASEGUROS "INGAR" (Buenos Aires, Argentina)	P.T. ASURANSI INDRAPURA (Jakarta, Indonesia)
PRUDENCIA CIA. ARGENTINA DE SEGUROS GENERALES, S.A. (Buenos Aires, Argentina)	CENTRO ASEGURADOR, S.A. (Santiago, Chile)
POLO CIA. ARGENTINA DE SEGUROS, S.A. (Buenos Aires, Argentina)	P.T. REASURANSI UMUM INDONESIA (Jakarta, Indonesia)
KANSA GENERAL INSURANCE CO., LTD. (Managua, Uruguay)	NEW INDIA ASSURANCE CO., LTD. (Amritsar, Punjab)
BANCO DE SEGUROS DEL ESTADO (Montevideo, Uruguay)	SEGUROS GENERALES, S.A. "SEGESA" (Amarillo, Paraguay)
SEKER, SIGORTA, A.S. (Istanbul, Turkey)	LA CONSOLIDADA, S.A. DE SEGUROS Y REASEGUROS (Santiago, Chile)
THE TAI PING INSURANCE COMPANY LIMITED (Taipei, Taiwan)	CORPORACION INSULAR DE SEGUROS (San Juan, Puerto Rico)
REASEGURADORA BOLIVIANA, S.A. (Sucre, Bolivia)	REINSURANCE CO. OF PANAMA, S.A. (Panama, Panama)
ARGOS CIA. DE SEGUROS, S.A. (La Paz, Bolivia)	COMPANIA COLONIAL DE SEGUROS DE PANAMA, S.A. (Panama, Panama)
CREDEFORM INTERNACIONAL, S.A. DE SEGUROS (La Paz, Bolivia)	CIA. DE SEGUROS GENERALES LLOYD DE CHILE, S.A. (Santiago de Chile)
	COMPANIA DE SEGUROS GENERALES "B.H.C.", S.A. (Santiago de Chile)

estudio consultivo de seguros s.a.
 P.O. Box 310, Panama 1, R.P. Telephone: (507) 69-2166 Cable: ECSSAPLAR PANAMA
 Telex: "REINSURE" PG 2641 & 2586 (NUI) 3516 (ITT) 2646 (TRT)

NACIONAL
 COMPANHIA DE SEGUROS

INSURANCE REINSURANCE

Head Office
 Rua da Alfândega, 90/9º
 CEP: 20 070
 Rio de Janeiro - BRASIL
 Telephone: 2311692-2243578
 Telex: 02130851 NSEG. BR

International Office
 Rua do Ouvidor, 108/10º
 CEP: 20040
 Rio de Janeiro - BRASIL
 Telephone: 2520813

At your service
 A su servicio

LARSA
 LATIN AMERICAN REINSURANCE COMPANY INC. S.A.
 LATINO AMERICANA DE REASEGUROS S.A.

P.O. Box 810, Panama 1, Republic of Panama
 Telephone: 23-6670 24-1147 69-2166
 Telex: "REINSURE" 364621 & 368556 (NUI) LARSA Panama

Islamic World

(Continued from Page 95)

markets in the long run would seem irreversible. Economic competition, among various states, disagrees particularly in a period where greater nationalism and even federalism are deemed essential. It is difficult to predict how far Arab markets have to go in order to improve control and structure. Performance statistics are extremely hard to get, but in certain regions, the United Arab Emirates, for example, far too many insurance companies are at work, some of them unqualified "spoilers."

It appears that banks, rating families and traders have vested their interests in insurance carriers of varying shapes and sizes, each with a mind of its own, or in some cases without one. Many of these companies are entirely workable from the perspective of their outside investors, but many, too, make little contribution to the prospects for an over-all improvement in Arab insurance. Certainly, they will not ultimately set the trends.

The opposing current to proliferation is protectionism, an entirely legitimate move toward longer-term Arab objectives and the only one that today can be perceived as a trend. Companies like Abu Dhabi National, for example, have driven toward higher quality in a legitimate pursuit of the major insurable risks, often associated with oil. These companies, with their excellent international links, are already setting the pace.

Esme Howard is vice president and head of Bankers' Trust's International Insurance Division.



الشركة المركزية
لأعادة التأمين
COMPAGNIE CENTRALE DE REASSURANCE
(C.C.R. ALGIERS)

21, BOULEVARD ZIROUT YOUCEF - ALGER - TEL.: 63.72.88 TO 89,
63.54.08 AND 64.02.71 TO 72 - TELEX ALRE 52. 150 - 52.151

1. The development of our business during the last five years in Algerian Dinar (1 AD = U.S. \$0.23):

Year	Gross premium	Variation
1976	187,691,604	
1977	203,840,357	+ 8.60%
1978	244,038,874	+19.72%
1979	323,671,946	+32.63%
1980	413,155,594	+27.64%

2. Our free reserve (including capital) in millions Dinars:

1976	1977	1978	1979	1980
61.8	81.5	118.3	152.4	212.1

3. The development of our financial assets (net of retrocessions) in millions Dinars:

1976	1977	1978	1979	1980
223.6	357.3	521.3	648.1	874.0

ALGERIAN DIRECT BUSINESS

1. The development of the business written by the Algerian direct companies:

Year	Gross premium	Variation
1976	741,341,833	+22.47%
1977	831,204,560	+12.12%
1978	1,061,613,903	+38.53%
1979	1,398,174,734	+31.70%
1980	1,810,416,157	+29.48%

2. Breakdown of business by branch in 1980:

● Motor	40.93%
● Fire	12.43%
● Marine and Aviation	11.89%
● Engineering	11.60%
● Accidents	9.95%
● Livestock and Hail	4.03%
● Life	9.17%

BUSINESS NEWS BRIEFS

Teacore Ordered to Sell Shock-Absorber Firm

WASHINGTON — Reversing an administrative law judge's decision, the Federal Trade Commission Friday found that Teacore Inc.'s 1977 acquisition of Monroe Auto Equipment Co. was illegal and ordered Teacore to sell the shock-absorber manufacturer.

U.S. Navy Reviewing Grumman Takeover Deal

WASHINGTON — U.S. Navy officials are reviewing the implications on the government of LTV Corp.'s \$450-million takeover offer for a 70-percent interest in Grumman Corp., a prime defense contractor, the Defense Department said Thursday.

Sony to Build U.S. Plant for Color Televisions

NEW YORK — Sony Corp. of America said Thursday that it will build a third manufacturing plant in the United States. The plant, in Columbia, S.C., will cost \$20 million and begin production of large-sized Trinitron color televisions in late 1982 at a monthly rate of 20,000.

Agache-Willot Is Placed into Receivership

LILLE, France — Societe Financiere et Fonciere Agache-Willot, the holding company of the textile empire of the Willot brothers, was placed into receivership Friday by the Tribunal de Commerce of Lille. The Agache-Willot employs 33,000 persons.

Burroughs Brings Out Two New Systems

DETROIT — Burroughs introduced a new medium scale computer system, the B3955, and a "front end" data communications system, the CP 3680, the company said Thursday. It said prices for the B3955 start at \$290,000, while prices for the CP 3680 start at \$81,650.

Allied Moves to Develop First Plastic Battery

NEW YORK — Allied Corp. has announced licensing arrangements and a development program that it hopes will lead to the marketing of the first plastic battery by the end of this decade.

AEG Moves to Sell Shares to Bosch

FRANKFURT — The supervisory board of AEG-Telefunken has approved a cooperation agreement with Robert Bosch that foresees the sale of shares in two AEG subsidiaries and a current division of the company to Bosch, AEG said Friday.

The supervisory board gave management approval of completion of negotiations on an agreement in which Bosch would take a majority share in Telefonbau und Normalzeit, a manufacturer of telephone equipment, as well as buying a minority share of Olympia Werke, the wholly-owned loss-making office equipment company.

He expected the deal to be finalized in the next few weeks.

AEG, West Germany's second-largest electrical group, lost 278 million DM on sales of 15.1-billion DM in 1980, and forecasts further similar losses for 1981.

An AEG spokesman said that AEG had turned down an offer by International Telephone & Telegraph, as represented by Standard Electric Lorenz, its West German unit, for at least an interest in Telefonbau und Normalzeit.

According to AEG sources, both Telefonbau und Normalzeit and AEG's telecommunications and cable systems division are currently operating at a profit. Telefonbau und Normalzeit had 1980 profits of 68 million DM, while the telecommunications division with 1980 sales of between 700 million and 800 million DM was also "profitable," an AEG spokesman said.

Olympia Werke lost of an undisclosed amount in 1980 on sales of 1,024 million DM, an Olympia spokesman said.

AEG and Bosch spokesmen did not disclose what Bosch would pay for the acquisitions, but observers said that it probably would exceed the reported 300 million DM that Standard Electric offered for a similar arrangement.

Bosch, with earnings of 176 million DM on sales of 11,809 billion DM worldwide in 1980, is a major producer of auto accessories and auto electronics. However, around 40 percent of the company's sales are outside the automotive field, in consumer electronics, photo accessories, and electronic components, and the deal with AEG is seen as an effort to diversify away from the automotive sector, which has been affected by lower production of new cars.

According to AEG sources, both Telefonbau und Normalzeit and AEG's telecommunications and cable systems division are currently operating at a profit. Telefonbau und Normalzeit had 1980 profits of 68 million DM, while the telecommunications division with 1980 sales of between 700 million and 800 million DM was also "profitable," an AEG spokesman said.

Olympia Werke lost of an undisclosed amount in 1980 on sales of 1,024 million DM, an Olympia spokesman said.

AEG and Bosch spokesmen did not disclose what Bosch would pay for the acquisitions, but observers said that it probably would exceed the reported 300 million DM that Standard Electric offered for a similar arrangement.

Bosch, with earnings of 176 million DM on sales of 11,809 billion DM worldwide in 1980, is a major producer of auto accessories and auto electronics. However, around 40 percent of the company's sales are outside the automotive field, in consumer electronics, photo accessories, and electronic components, and the deal with AEG is seen as an effort to diversify away from the automotive sector, which has been affected by lower production of new cars.

Harvester Gets Accord On Debt Restructuring

CHICAGO — International Harvester said Friday that it had agreed in principle with its eight advisory banks on revised terms for its debt restructuring program.

The agreement provides for term loans maturing Dec. 15, 1983, of about \$1.5 billion to International Harvester and about \$1.9 billion to International Harvester Credit Corp. The funds replace short-term borrowings outstanding.

While working toward the restructuring of our financing, the company has continued to meet many of its principal objectives," Archie R. McCardell, the company's chairman, said. "Key product market shares have been maintained or improved, inventory reduction goals have been exceeded and the company's program to introduce 51 new products this year is on target."

Mr. McCardell also said the company is achieving its cost improvement objectives, is streamlining its organization structure and continuing to lower its break-even point.

A meeting was scheduled for next Wednesday to discuss the terms of the proposal. Other meetings were planned with Harvester's other institutional lenders to obtain their approval.

The new loans replace outstanding short-term loans and carry a maximum 16 percent interest for International Harvester and 11 percent for its credit subsidiary. They also provide rights to purchase International Harvester common stock at \$10 a share for up to a maximum of 4.4 million shares. The company has 32.3 million shares outstanding.

Based on current interest rates, the new agreement would mean a cash savings on floating rate debt of \$20 million a month, James C. Cotting, International Harvester's senior vice president of finance and planning, said. Interest expense currently is about \$55 million a month, he said.

Provisions of the loans prohibit Harvester from paying common stock dividends during the life of the agreement. Preferred dividends also will be omitted during the period.

The agreement also provides collateral of fixed properties of International Harvester and certain other assets, but does not include inventories and receivables of the parent company.

The term loan to the credit corporation will be secured by its receivables that are not sold under the proposed \$750 million standby receivables sales agreement which will form part of the financing package.

The dollar closed at 2.3205 DM after closing Thursday at 2.3150. Early in the afternoon it hit a 10-day high of 2.3450 DM, and in Frankfurt the Bundesbank sold \$16.9 million at the fix, dealers said. They said movements were exaggerated by market thinness.

In Paris, pressure resumed on the French franc as the Bank of France sold about \$150 million and about 150 million DM as the dollar rose to 5.5945 at the afternoon fix from 5.551 Thursday.

In London, the pound, which began weakly, recovered to end little changed at \$1.7850.

In New York, the dollar eased from its opening but still closed up from Thursday. The dollar firmed after the New York Federal Reserve Bank drained reserves from the banking system by arranging over-the-weekend reverse repurchase agreements, dealers said.

On the Comex, silver futures plummeted to new daily lows on aggressive liquidation at midday and closed down the 50-cent limit, with spot September expiring 78 cents lower at \$8.69 an ounce.

Silver traders were unimpressed that President Reagan's policies will produce the intended results and took fresh long positions.

The strong silver selling in New York caused gold prices in London to be marked down \$4 at the close to \$449.75, dealers said.

Oct. 1. Ethiopia had protested the distribution of individual export quotas.

The Ethiopians, like most other producers, were seeking an increase in their export allocations for 1981-82, with a first-quarter quota of 13 million bags.

The council also voted to extend the current agreement one additional year, to Sept. 30. The council warned that there could be quota cuts if coffee prices fall below \$1.20 a pound by Dec. 1 and additions if coffee prices rise.

The final session was marked by the walkout of the Ethiopian delegation, and by general disagreement from other producers over some areas of the international coffee agreement's operation in the 1981-82 coffee year, beginning



Archie R. McCardell ... company program 'on target'

Dollar Posts Large Gains Against DM

LONDON — The dollar ended the week on a firm note, holding its partial recovery of the last few days although closing off its Friday highs, dealers said.

Most of Friday's action occurred in dollar-Deutsche mark trading, where technical corrections to recent heavy dollar selling combined with a wider than expected West German current account deficit to strengthen the dollar, they said.

The dollar closed at 2.3205 DM after closing Thursday at 2.3150. Early in the afternoon it hit a 10-day high of 2.3450 DM, and in Frankfurt the Bundesbank sold \$16.9 million at the fix, dealers said. They said movements were exaggerated by market thinness.

In Paris, pressure resumed on the French franc as the Bank of France sold about \$150 million and about 150 million DM as the dollar rose to 5.5945 at the afternoon fix from 5.551 Thursday.

In London, the pound, which began weakly, recovered to end little changed at \$1.7850.

In New York, the dollar eased from its opening but still closed up from Thursday. The dollar firmed after the New York Federal Reserve Bank drained reserves from the banking system by arranging over-the-weekend reverse repurchase agreements, dealers said.

On the Comex, silver futures plummeted to new daily lows on aggressive liquidation at midday and closed down the 50-cent limit, with spot September expiring 78 cents lower at \$8.69 an ounce.

Silver traders were unimpressed that President Reagan's policies will produce the intended results and took fresh long positions.

The strong silver selling in New York caused gold prices in London to be marked down \$4 at the close to \$449.75, dealers said.

West German August Trade Set 55-Million-DM Deficit

WIESBADEN, West Germany — West Germany posted a trade deficit of 55 million Deutsche marks in August after a 3.7-billion-DM surplus in July, the Federal Statistics Office said Friday. The country had a 169-million-DM deficit in August, 1980.

The current account deficit — trade and nonmerchandise items such as tourism — grew provisionally last month to 6.1 billion DM from a revised 3.6 billion DM in July and 4.9 billion DM in August, 1980, the office said.

The Bundesbank said the sharply wider current-account deficit was heavily distorted by the vacation season and travel abroad, and that the months of July and August together present a clearer picture. The current account in those two months averaged a monthly

seasonally adjusted deficit of two billion DM, no deterioration on the 1980 period and a distinct improvement on the first months of 1981, the central bank said.

The cumulative current account deficit for the first eight months totaled 24.2 billion DM, the office said, little changed from a deficit of 22.2 billion in the 1980 period.

The overall balance of payments in August slipped to a deficit of 4.49 billion DM after a 1.3-billion-DM surplus in July but far less than the 266-million-DM deficit in August, 1980, the Bundesbank reported.

For the first eight months, the overall payments surplus totaled 4 billion DM against a deficit of 15.1 billion DM in the 1980 period.

Exports last month reached 28.14 billion DM and imports 28.2 billion DM, both 16 percent higher than in August, 1980, the statistics office said.

In the first eight months, exports went up 10 percent from the 1980 period while imports rose eight percent to give a cumulative 9.9-billion-DM surplus. Imports in the first eight months were down four percent in volume from a year ago and exports up 3.5 percent in volume, after adjustment for inflation.

Oct. 1. Ethiopia had protested the distribution of individual export quotas.

The Ethiopians, like most other producers, were seeking an increase in their export allocations for 1981-82, with a first-quarter quota of 13 million bags.

The council also voted to extend the current agreement one additional year, to Sept. 30. The council warned that there could be quota cuts if coffee prices fall below \$1.20 a pound by Dec. 1 and additions if coffee prices rise.

The final session was marked by the walkout of the Ethiopian delegation, and by general disagreement from other producers over some areas of the international coffee agreement's operation in the 1981-82 coffee year, beginning

Oct. 1. Ethiopia had protested the distribution of individual export quotas.

The Ethiopians, like most other producers, were seeking an increase in their export allocations for 1981-82, with a first-quarter quota of 13 million bags.

The council also voted to extend the current agreement one additional year, to Sept. 30. The council warned that there could be quota cuts if coffee prices fall below \$1.20 a pound by Dec. 1 and additions if coffee prices rise.

The final session was marked by the walkout of the Ethiopian delegation, and by general disagreement from other producers over some areas of the international coffee agreement's operation in the 1981-82 coffee year, beginning

Oct. 1. Ethiopia had protested the distribution of individual export quotas.

The Ethiopians, like most other producers, were seeking an increase in their export allocations for 1981-82, with a first-quarter quota of 13 million bags.

N.Y. Stock and Bond Prices Falter Amid Doubts About Reagan Policy

NEW YORK — Prices of stocks and bonds dropped sharply Friday as Wall Street as investors showed their disappointment that President Reagan did not go further to slash federal spending next year.

"I've never seen such bad psychology," William V. Sullivan Jr., senior vice president at Bank of New York said. "The selloff is in large part a reflection of the disappointment Wall Street felt over the limited spending cuts outlined in President Reagan's speech."

On the New York Stock Exchange, the Dow Jones Industrial average dropped over 16 points before late bargain hunting stemmed the decline. The average closed down 11.13 points at 824.01, its lowest closing point since May 15, 1980, when it reached 822.53.

Declines exceeded advances, 1500 to 156 as the volume swelled to 54.39 million shares from 48.88 million Thursday.

U.S. money-supply measure termed M-1B rose \$1 billion to a seasonally adjusted \$433.7 billion in the week ended Sept. 16, the New York Federal Reserve Bank said. M-1A rose \$1.1 billion to \$360.9 billion.

Wall Street analysts said reports from Paris of another dire warning about share prices by market analyst Joe Granville helped depress prices. His predictions on Wednesday of a sharp drop on the London and New York stock exchanges contributed to the subsequent sudden slump on both markets.

In Paris, Mr. Granville's wife said her husband expects Monday to be "a very bad day," for Wall Street, adding, "he has been predicting a September-October bloodbath for three months now, and Monday is right in the middle of it."

Larry Wachtel of Bache Halsey Stuart Shields, said he had expected the market to fall due to disappointment over Mr. Reagan's speech on the economy and federal budget, but the severity of the decline probably was due to Mr. Granville's remarks.

Mr. Volcker said the President had outlined some of the additional budget cuts that are needed to hold down spending and Congress should rise to the challenge.

Inflation will be "comfortably" below double-digit levels next year, Mr. Volcker predicted. But he cautioned that 1982 will be a "crucial" year in which "pattern-setting" industries, from refinery workers to truckers and auto workers, will be bargaining for long-term contracts.

He said progress on the inflation government bond (13% 2011) plummeted more than 3 points to a record low 91.21 in early afternoon and was still dropping. Worse yet from a market view, short-term prices were weakening as large institutions liquidated positions longer than six months.

On the trading floor, an industry sector was spared in the drop, with some of the biggest declines coming in oil, technology, railroad, mining and metal stocks.

Mr. Reagan's proposal of an additional \$13 billion in spending cuts and \$3 billion in increased revenues was "the minimum acceptable response," said a Wall Street economist.

The administration raised its estimate of the budget deficit for fiscal 1982, which begins next Thursday, to \$43.1 billion from \$42.5 billion, but many analysts said the new figure still was considered too low.

In the credit markets, the long front has "not yet been confirmed by clearly visible and significant progress toward wage deacceleration." The result, he said, is that "a kind of 'business as usual' attitude prevails, building past inflation trends into future contracts."

Government responsibility, he said, is "to conduct public policies in a way that encourages understanding of what is at stake," not to attempt to fight inflation by "government fiat."

As to the Fed's tight money policy, Mr. Volcker said he believes "there is now ample evidence that we mean what we say, that the trend of monetary and credit growth is slowing, and that our purposes are clear in our actions."

He said the financial markets are "preoccupied with other concerns" including the level of government borrowing and long-term inflation.

"It would be fruitless and wrong to think those pressures can be relieved by simply pushing more money into the system than called for by our basic objectives," he said.

Volcker Backs Budget Cuts, Reaffirms Tight Credit Stand

WASHINGTON — Federal Reserve Board Chairman Paul Volcker reaffirmed Friday the Fed's commitment to a tight monetary policy and urged Congress to pass new budget cuts quickly.

"What is required is action — particularly action to reduce the deficit and move toward budgetary balance," Mr. Volcker told the National Press Club in commenting on President Reagan's economic speech Thursday night. "To procrastinate now would only be to amplify the pain later," he added.

Mr. Volcker said the President had outlined some of the additional budget cuts that are needed to hold down spending and Congress should rise to the challenge.

Inflation will be "comfortably" below double-digit levels next year, Mr. Volcker predicted. But he cautioned that 1982 will be a "crucial" year in which "pattern-setting" industries, from refinery workers to truckers and auto workers, will be bargaining for long-term contracts.

He said progress on the inflation government bond (13% 2011) plummeted more than 3 points to a record low 91.21 in early afternoon and was still dropping. Worse yet from a market view, short-term prices were weakening as large institutions liquidated positions longer than six months.

On the trading floor, an industry sector was spared in the drop, with some of the biggest declines coming in oil, technology, railroad, mining and metal stocks.

Mr. Reagan's proposal of an additional \$13 billion in spending cuts and \$3 billion in increased revenues was "the minimum acceptable response," said a Wall Street economist.

The administration raised its estimate of the budget deficit for fiscal 1982, which begins next Thursday, to \$43.1 billion from \$42.5 billion, but many analysts said the new figure still was considered too low.

In the credit markets, the long front has "not yet been confirmed by clearly visible and significant progress toward wage deacceleration." The result, he said, is that "a kind of 'business as usual' attitude prevails, building past inflation trends into future contracts."

Government responsibility, he said, is "to conduct public policies in a way that encourages understanding of what is at stake," not to attempt to fight inflation by "government fiat."

As to the Fed's tight money policy, Mr. Volcker said he believes "there is now ample evidence that we mean what we say, that the trend of monetary and credit growth is slowing, and that our purposes are clear in our actions."

He said the financial markets are "preoccupied with other concerns" including the level of government borrowing and long-term inflation.

"It would be fruitless and wrong to think those pressures can be relieved by simply pushing more money into the system than called for by our basic objectives," he said.

Mr. Reagan's proposal of an additional \$13 billion in spending cuts and \$3 billion in increased revenues was "the minimum acceptable response," said a Wall Street economist.

The administration raised its estimate of the budget deficit for fiscal 1982, which begins next Thursday, to \$43.1 billion from \$42.5 billion, but many analysts said the new figure still was considered too low.

In the credit markets, the long front has "not yet been confirmed by clearly visible and significant progress toward wage deacceleration." The result, he said, is that "a kind of 'business as usual' attitude prevails, building past inflation trends into future contracts."

Government responsibility, he said, is "to conduct public policies in a way that encourages understanding of what is at stake," not to attempt to fight inflation by "government fiat."

As to the Fed's tight money policy, Mr. Volcker said he believes "there is now ample evidence that we mean what we say, that the trend of monetary and credit growth is slowing, and that our purposes are clear in our actions."

He said the financial markets are "preoccupied with other concerns" including the level of government borrowing and long-term inflation.

"It would be fruitless and wrong to think those pressures can be relieved by simply pushing more money into the system than called for by our basic objectives," he said.

Mr. Reagan's proposal of an additional \$13 billion in spending cuts and \$3 billion in increased revenues was "the minimum acceptable response," said a Wall Street economist.

The administration raised its estimate of the budget deficit for fiscal 1982, which begins next Thursday, to \$43.1 billion from \$42.5 billion, but many analysts said the new figure still was considered too low.

In the credit markets, the long front has "not yet been confirmed by clearly visible and significant progress toward wage deacceleration." The result, he said, is that "a kind of 'business as usual' attitude prevails, building past inflation trends into future contracts."

Government responsibility, he said, is "to conduct public policies in a way that encourages understanding of what is at stake," not to attempt to fight inflation by "government fiat."

ALEXANDER FUND

Societe Anonyme Luxembourg, 37, rue Nance-Dame R.C. Luxembourg N° B7435

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Alexander Fund, a societe anonyme organized under the laws of the Grand-Duchy of Luxembourg (the "Fund"), will be held at the offices of Krediitbank S.A., Luxembourg, 43, Boulevard Royal, Luxembourg, at 11:00 a.m., on October 8th, 1981, specifically, but without limitation, for the following purposes:

- 1. To hear the reports of the Board of Directors and of the Statutory Auditor.
2. To approve the balance sheet and profit and loss statement and allocation of results as at June 30, 1981.
3. To authorize the board to sign forward.
4. To discharge the Directors and Statutory Auditor in respect of the fiscal year ended June 30, 1981.
5. To elect Directors and a Statutory Auditor.
6. To approve the dissolution of the investment committee.

The conduct of the shareholders' meeting shall be governed by the requirements required by law. Resolutions at the shareholders' meeting shall be passed by a simple majority of those present and voting, except as otherwise required by law. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

The Board of Directors

Today's Super Investment

In the present investment and economic turmoil, an accurate and timely source of advice is indispensable for investors, business executives and bankers alike. The Wellington Letter has been that source for many investors.

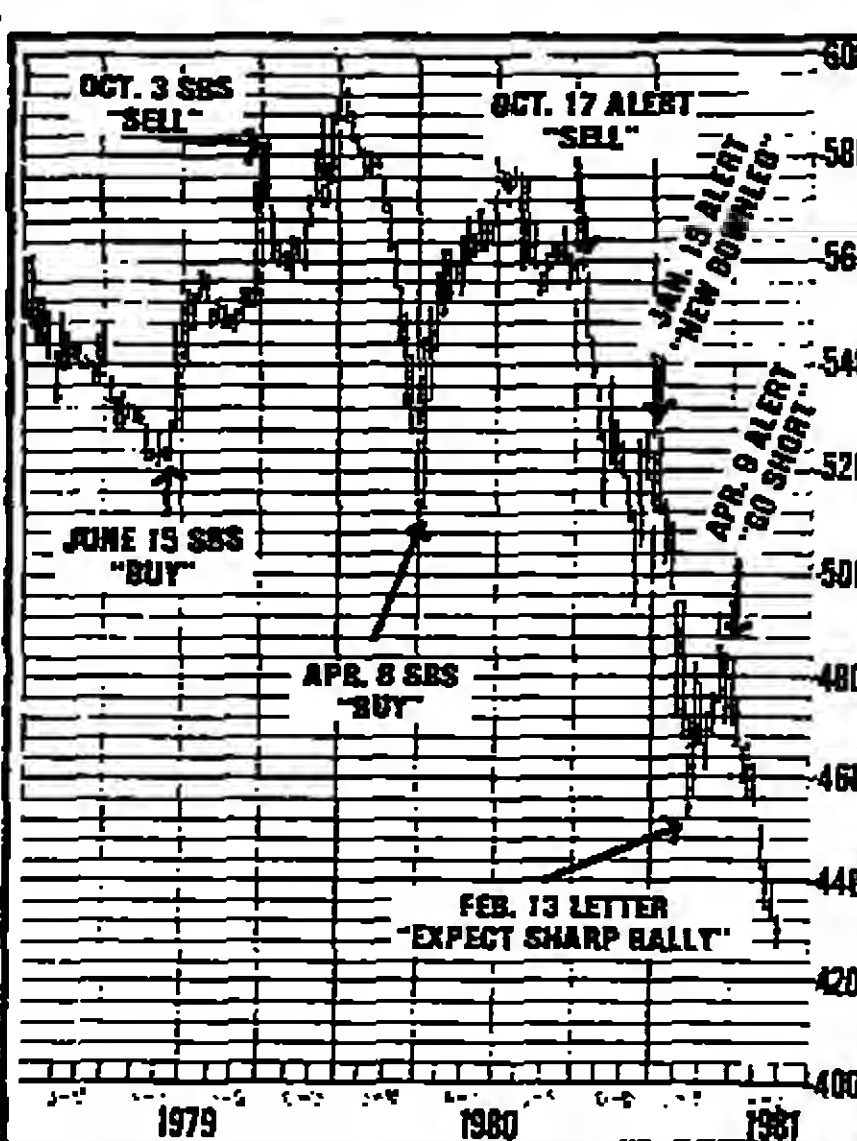
For example, strength of the U.S. dollar this year has resulted in substantial losses for many investors and businesses. At the same time large profits were reaped by clients of THE WELLINGTON LETTER. Its author, internationally renowned investment analyst BERT DOHMEN-RAMIREZ, precisely forecast the strength in the Dollar at a time when the vast majority of investors, money managers and bankers were still very negative.

After the Reagan election, Mr. Dohmen-Ramirez forecast: "The \$ will be king of the currencies in 1981." He advised that the German Mark and Swiss Franc were "good long term short sales." In January 1981, despite the apparent strength in the British Pound and Japanese Yen, THE WELLINGTON LETTER advised SELLING BOTH vs. the dollar.

INVESTORS profited handsomely and BUSINESS EXECUTIVES literally saved their companies fortunes by hedging their foreign exchange risks according to these recommendations.

THE WELLINGTON LETTER is equally well-known for in-depth analysis of INTERNATIONAL ECONOMIC TRENDS, THE U.S. STOCK AND BOND MARKETS, GOLD AND SILVER, INTEREST RATES, and COMMODITY FUTURES. Its track record of clear, un-hedged advice on how to profit from the forecasts is unsurpassed.

DEUTSCHE MARK - CHICAGO IMM



The extreme turbulence in the investment markets has been difficult for most investors. However, subscribers to THE WELLINGTON LETTER have not only been able to avoid the catastrophic losses suffered by many investors and businesses this year, but have profited substantially.

THE WELLINGTON LETTER stands out because it gives clear, precise and un-hedged advice of what to do. BERT DOHMEN-RAMIREZ is available for consultation at the rate of \$1200 per hour, but you can get that same information for only \$282 per year!

THE WELLINGTON LETTER 745 Fort St. • Ste. 1812 Honolulu, Hawaii 96813

JOIN THE WINNING MINORITY! SUBSCRIBE TODAY! IT WILL BE YOUR SUPER INVESTMENT OF THE YEAR!!!

YES, I would like to subscribe to THE WELLINGTON LETTER

6 mos. - \$162. 1 yr. - \$282.

Name _____ Company _____

Address _____ City _____ State/Country _____

Check Enclosed (US\$ only) (We DO NOT Bill)

745 Fort St. • Ste. 1812 • Honolulu, Hawaii 96813 • Telex: WELPI 634315

Rectification

Nationale-Nederlanden

To holders of warrants entitling to bearer depository certificates representing shares in Nationale-Nederlanden N.V., established at Delft (Netherlands), and issued in conjunction with:

- a) the US \$ 30,000,000 8% debenture loan 1976 issued by Nationale-Nederlanden Finance Corporation (Curaçao) N.V., established at Willemstad (Curaçao), and
b) the share issue by Nationale-Nederlanden N.V. in 1978 with a nominal value of DFIs 13,077,700.

As a result of the decision taken by Nationale-Nederlanden N.V. to make an interim dividend for 1981, at DFIs 3.40 per share, payable, to be taken up, at the option of the shareholder, either entirely in cash or DFIs 0.80 in cash and DFIs 0.25 nominal value in bearer depository certificates out of tax-exempt share premium, the warrant exercise price for warrants issued in 1978 has been reduced from DFIs 111.60 to DFIs 111.41 per certificate as per 8 September 1981.

In consequence of this reduction of the warrant exercise price the number of bearer depository certificates representing shares in Nationale-Nederlanden N.V. obtainable per 1978 - warrant has been increased to 11,219,819 shares as per 8 September 1981.

For warrants issued in 1976 the warrant exercise price current since 30 May 1980 as well as the number of bearer depository certificates representing shares in Nationale-Nederlanden N.V. obtainable, DFIs 98.20 and 12,219,959 respectively, remain unchanged.

Delft, September 2, 1981 The Executive Board

CURRENCY RATES

Interbank exchange rates for Sept. 25, 1981, excluding bank service charges.

Table with columns for City, Currency, and Rate. Includes entries for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Zurich, and ECU.

Dollar Values

Table with columns for Country, Currency, and Rate. Includes entries for Australia, Austria, Belgium, Canada, Denmark, Finland, Hong Kong, and Ireland.

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units

NYSE Nationwide Trading Closing Prices Sept. 25

Tables include the nationwide prices up to the closing on Wall Street.

Table with multiple columns showing stock prices for various companies like 3M, Amstar, and others. Includes sub-tables for 'Continued from Page 12' and '12 Month Stock High Low Div. in % Yld. P/E 1981 High Low Div. Close Price'.

Table showing 12 Month Stock High Low Div. in % Yld. P/E 1981 High Low Div. Close Price for various companies like 3M, Amstar, and others.

Table showing 12 Month Stock High Low Div. in % Yld. P/E 1981 High Low Div. Close Price for various companies like 3M, Amstar, and others.

Notes explaining symbols used in the stock tables, such as 'a-Newly listed', 'b-Newly High', 'c-When offered', etc.

INTERNATIONAL EXECUTIVE OPPORTUNITIES



Petroleum Engineers Contemplating a foreign assignment? Natomas/IIAPCO can offer you the best opportunity... right now!

We're in an accelerated exploration and development mode, currently producing approximately 120,000 B.P.D. from 33 platforms in ten fields in the Java Sea (Indonesia). We're adding one new platform each month and will employ a staff of 130 expatriates and 800 Indonesians by the end of 1981. In early 1982 we'll begin our first water flood project and are in the early stages of engineering a gas utilization plant.

Act now and join one of the fastest growing and most successful operations in Indonesia. Our history and reputation speak for themselves. We are currently seeking:

- CHIEF RESERVOIR and CHIEF PRODUCTION ENGINEERS with 10-15 years' experience including supervisory responsibilities.
• SENIOR and SENIOR STAFF RESERVOIR and PRODUCTION ENGINEERS with a minimum of 8 years' experience.

These family status positions include excellent salary and benefits packages; company-provided, furnished residence including maintenance in Jakarta, Indonesia; schooling through the 12th grade; and use of the company's tropical island and mountain retreats.

Act now! Call us or send your resume to: Larry Sims (415) 765-0374, Chris Bryan (713) 531-2509, 601 California Street, 1155 Dairy Ashford, Suite 100, San Francisco, CA 94108, Houston, TX 77079

European Gold Markets

Table showing gold prices in London, Zurich, and Luxembourg.

Table showing Gold Options prices in \$/oz. for various months.

Valeurs White Weld S.A.

Table showing exchange rates for various currencies.

European Options Exchange

Table showing Gold Options prices in \$/oz. for various months.

Old Gold DOLLAR COMMODITY TRUST

Prices on Sept. 21, 1981. U.S. \$41.32 Bid, U.S. \$43.95 Offer. Next trading date October 7, 1981.

INTERNATIONAL INCOME FUND

provides the following choice of investments: Short Term 'A' Units, Short Term 'B' Units, Long Term Units. A balanced portfolio of Eurobonds and Euroconvertibles.

Toronto Stocks

Table showing Toronto Stock Exchange closing prices for Sept. 24, 1981.

European Stock Markets

Table showing closing prices in local currencies for various European markets.

Table showing Amsterdam stock market prices.

Table showing Paris stock market prices.

Table showing London stock market prices.

Table showing Brussels stock market prices.

Table showing Frankfurt stock market prices.

Table showing Zurich stock market prices.

Table showing Milan stock market prices.

Montreal Stocks

Table showing Montreal Stock Exchange closing prices for Sept. 24, 1981.

Canadian Indexes

Table showing various Canadian stock indexes.

Tokyo Exchange

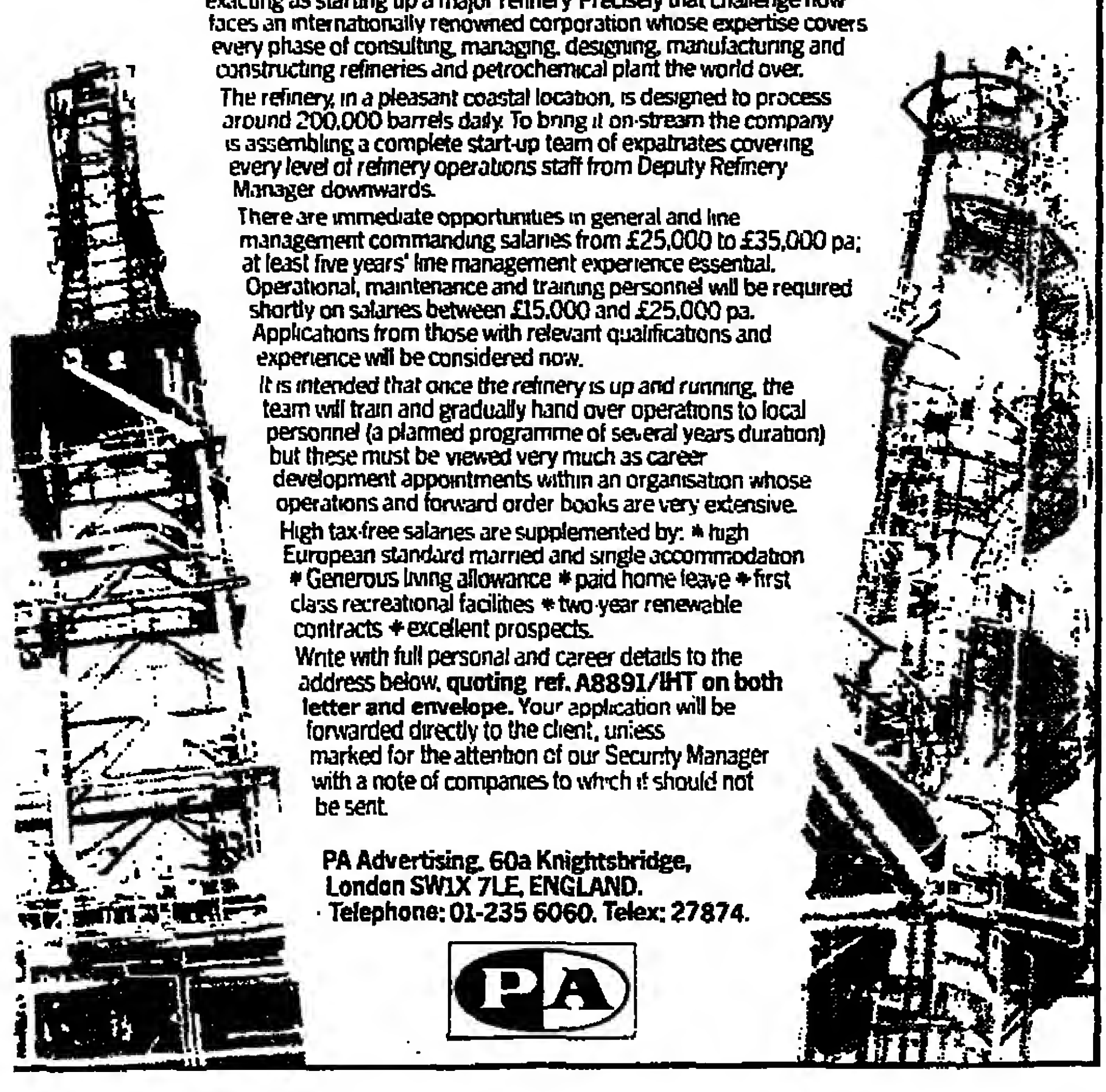
Table showing Tokyo Stock Exchange closing prices for Sept. 25, 1981.

Eurocurrency Interest Rates

Table showing interest rates for various Eurocurrency deposits.

Oil Refinery Operations

Multi-level opportunities in Middle East refinery start-up and operations. Salaries £15,000 to £35,000 tax free + major benefits.



Few tasks in the field of petroleum production are as exciting or exacting as starting up a major refinery. Precisely that challenge now faces an internationally renowned corporation whose expertise covers every phase of consulting, managing, designing, manufacturing and constructing refineries and petrochemical plant the world over. The refinery in a pleasant coastal location, is designed to process around 200,000 barrels daily. To bring it on-stream the company is assembling a complete start-up team of expatriates covering every level of refinery operations staff from Deputy Refinery Manager downwards. There are immediate opportunities in general and line management commanding salaries from £25,000 to £35,000 pa; at least five years' line management experience essential. Operational, maintenance and training personnel will be required shortly on salaries between £15,000 and £25,000 pa. Applications from those with relevant qualifications and experience will be considered now. It is intended that once the refinery is up and running, the team will train and gradually hand over operations to local personnel (a planned programme of several years duration) but these must be viewed very much as career development appointments within an organisation whose operations and forward order books are very extensive. High tax-free salaries are supplemented by: a high European standard married and single accommodation; a generous living allowance; a paid home leave; a first class recreational facilities; a two year renewable contract; excellent prospects. Write with full personal and career details to the address below, quoting ref. A8891/IHT on both letter and envelope. Your application will be forwarded directly to the client, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent. PA Advertising, 60a Knightsbridge, London SW1X 7LE, ENGLAND. Telephone: 01-235 6060. Telex: 27874.

INTERNATIONAL EXECUTIVE OPPORTUNITIES

EXPORT MARKETING CAREER CHALLENGE

The United States Foreign Commercial Service needs a few good marketing professionals. You can help us and yourself in pioneering an exciting career service which has responsibility in 66 countries. If you are a mid-level executive with solid (and we mean solid) experience in international marketing, apply now for this stimulating and rewarding career opportunity.

- \$23,701 to \$50,112 depending on experience and qualifications
• Attractive retirement plan plus life insurance, medical and other standard U.S. Government benefits
• While assigned abroad you will receive housing plus utilities, Government-funded education for dependent children through high school, cost of living allowances, and at certain posts special hardship payments of up to 25%.

Advertisement for EUROPEAN FASHION HOUSE WITH INTERNATIONAL PUBLICATIONS IS LOOKING FOR YOUNG COPY WRITER WHO CAN COMBINE EUROPEAN WITH AMERICAN FASHION AND FASHION BUSINESS STYLE, ON FREE LANCE BASIS.

SULTANATE OF OMAN MARKETING/PRICING ANALYST FOR MINISTRY OF PETROLEUM & MINERALS

The Ministry of Petroleum and Minerals of the Sultanate of Oman wishes to appoint a MARKETING/PRICING ANALYST in the Department of Planning and Affairs. Minimum qualification required is a Bachelor's Degree in Economics/Business Administration or Accounting at least eight years' experience in a senior position heading marketing/pricing functions in an oil company, a Petroleum related organization(s). Salary is negotiable, but will not be less than U.S. \$34 per annum. Other benefits include: Free furnished accommodation with water and electricity allowance, car allow, 50 days paid leave once every year with first-class air for self, wife and up to three children below 18 year and from employee's home town. Applicants should write, giving full details of age, qualifications and career history to: the Director of Administration, Ministry of Petroleum & Minerals, P.O. Box 551, Muscat, Sultanate of Oman. Applications should be copied to: Hashil H. Al-Hassani, Embassy of the Sultanate of Oman, 64 Ennismore Gardens, London SW7. Interviews for selected candidates only will be held in London by a representative of the Ministry of Petroleum and Minerals, in late September, 1981.

AMEX Nationwide Trading Closing Prices Sept. 25

Tables include the nationwide prices up to the closing on Wall Street.

AMEX Nationwide Trading Closing Prices Sept. 25. A large table listing various stocks and their closing prices, organized by industry and company name.

U.S. COMMODITY PRICES. A table listing prices for various commodities such as wheat, corn, soybeans, and oil, including Chicago and New York futures.

International Monetary Market. A table listing exchange rates for various international currencies like the British Pound, Canadian Dollar, French Franc, etc.

Market Summary NYSE Most Actives. A table summarizing the most active stocks on the NYSE, including company names and their trading volumes.

London Metals Market. A table listing prices for various metals such as copper, nickel, and zinc, with prices in sterling per metric ton.

Floating Rate Notes

Floating Rate Notes. A table listing various floating rate notes with their respective closing prices and issue dates.

Selected Over-the-Counter

Selected Over-the-Counter. A table listing selected over-the-counter stocks and their closing prices.

Dow Jones Averages

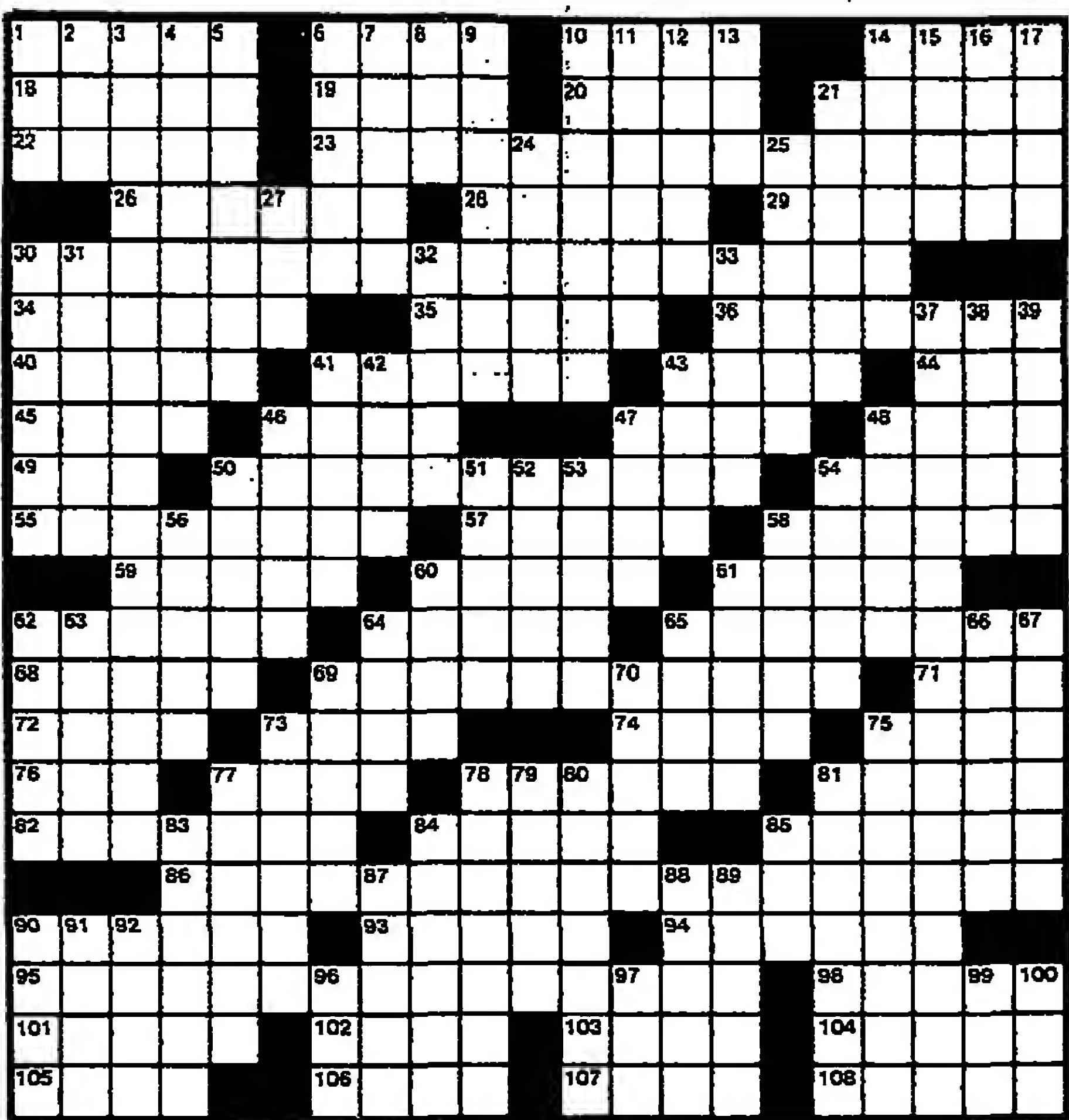
Dow Jones Averages. A table showing the performance of various Dow Jones averages, including the Dow Jones Industrial Average and others.

Prices supplied by Credit Suisse First Boston Ltd., London.

CROSSWORD PUZZLE

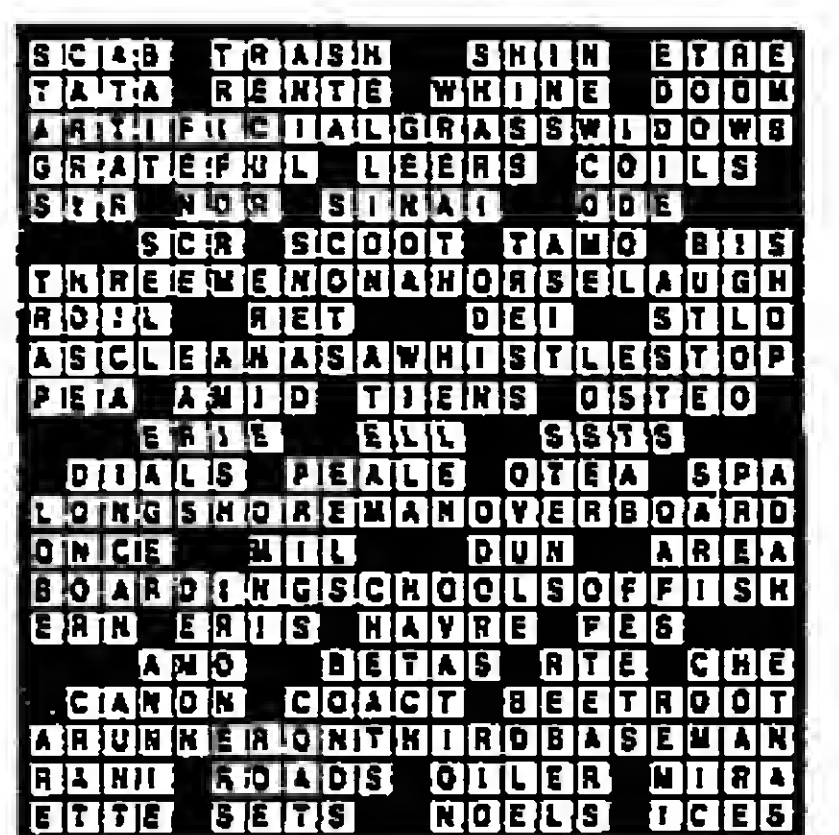
Edited by EUGENE T. MALESKA

Funny Business By Hume R. Craft



- DOWN 1 One of Mickey's eyes 2 Sherman's bell 3 Olympic mascot 4 Lettuce 5 Extender of vowel sounds 6 Jacob's fourth son 7 Dwight of the Red Sox 8 Sawback 9 Gilt 10 OB's announcement 11 Used a catamaran 12 Quaker gray 13 Fjord land: abbr. 14 Carlisle's favorite son 15 Sesto 16 Tooth fanciers 17 Word with who or what 21 Synops 24 Flynn or Faunleroy 25 One of Aristotle's fortes 27 Kettle and Barker 30 Prouty's Stella 31 Primal ballerina 32 N.B.A. targets 33 Capp character 37 Legendary Fort Knox? 38 About 39 Social taboos 41 Singe paly 42 Troubles 43 Victim 44 Shoe parts 47 Claudia Taylor 48 Broadcast 50 Besmirch 51 Moslem prices 52 Picasso 53 Dove-like 54 Some are looney 56 Wading bird 58 Life's "beginning" 59 Bakery product 61 Waters 62 Anaxoric explorer 63 Misplay 64 Luncheon 65 Bamboozle 66 Smalto is one 67 Iterate 68 One of the Cavalier poets 70 Wely product 73 west Pakistan 75 Having endurance 77 "If he... he's nothing": Shak. 78 More spiteful 79 Indochina 80 Noblewoman 81 Stimulus-response devices 83 Cordia 84 Transgressor 85 Comedian 87 Sessile 88 Mexican liquor 89 Winds 90 Dippy or dotty 91 Expectant 92 Leonard's "Wimle Pu" 96 Shropshire individual 97 He ranks a Ptc. 98 Payment 100 de-lance

Solution to Last Week's Puzzle



WEATHER

Table with columns for location, high, low, and weather conditions. Locations include ALGARVE, ALGIERS, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DAMASCUS, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.

BOOKS

W.H. AUDEN. A Biography

By Humphrey Carpenter. (Illustrated). 495 pp. \$15.95. Houghton Mifflin & Co., 2 Park St., Boston, Mass. 02107.

Reviewed by John Leonard

IT IS Humphrey Carpenter's bad luck that his biography of W.H. Auden should appear just two months after the publication of "Young Auden" by Edward Mendelson (Viking). Although Mendelson stops in 1939, when Auden and Christopher Isherwood abandoned England for the United States, he has already made an impressive case for the continuity of a career. According to this case, Auden shrugged off modernism. He hid himself from family, ghosts, trolls, landscapes, history and pure form, and his exuberance, he sought the words to praise. The end of his quest, "the real world," was rootless, American.

photographs of naked choirboys. There were the school chums, the Berlin boys, Fire Island and, of course, Chester Kallman, Auden apparently had a brief fling with the late Richard Crossman, but not with the late Benjamin Britten. He and Isherwood, while wasting their time in China, considered their visits to the homosexual bathhouses to be "afternoon holidays from their social conscience." The same Auden who approved of Don Giovanni as "a hero for whom seduction is a vocation" walked out of "Fal Joey" enraged by the behavior of the chorus girls. I didn't know any of this.

Carpenier, while he emphasizes the church to which Auden returned as if to his difficult mother, finds in the career less continuity than hodgepodge. He would seem to agree with Stephen Spender: "One of Auden's characteristics is to make a cult of whatever he happens to be doing, which becomes to him what the poet must do." Mendelson and Carpenter agree on the invidious influences — Icelandic Sagas and English boarding schools; Hardy, Eliot and Yeats; D.H. Lawrence and George Grodzick; John Lyard, Homer Lane and Gerald Heard; Kierkegaard, Barth and Reinhold Niebuhr; undigested Marx and Freud.

but one the fastidious critic, is looking for literary heroism and the other, a delicious gossip, is looking for good copy. Carpenter's Auden is the last great English eccentric. The young boy looks at a bone in Julian Huxley's hand and tells him, correctly, that it is "the pelvis of a bird." The young teacher sleeps outside in the garden; when it rains, the geese gather under his umbrella. The poet in New York, flat-footed, the poet-affiliated, ressembling at times "a big, mad, white rabbit," at times "a thatched cottage" and at times "a wedding cake left out in the rain," wears carpet slippers in the snow, but not socks and not underwear, he also urinates in his bathroom sink.

Black Magic

In China, according to Isherwood, Auden knew he wouldn't be killed "because Nanny would never allow it." In Iceland, spending the night in a mental institution, he talked to the doctor in Latin. In the homes of his friends, he was rude, arrogant and ate like a pig. He loved vodka and hated sugar. LSD did nothing for him, but he depended on Benzedrine and Secobarbital. He believed in black magic, graphology and the telepathic power of cats, and he once laid a curse on Dylan Thomas.

Anthony Blunt told him about Spain; Guy Burgess telephoned him before fleeing to the Soviet Union; Edmund Wilson was annoyed to hear from him that Tristan and Isolde must have been a pair of lesbians "because a man making love to woman couldn't really get into that rapturous state"; and Hannah Arendt rejected his proposal of marriage. The worst lines he ever wrote were "Isobel, who with her leaping breasts/Pursued me through a summer," and he thought they would have been an ideal caption for a Thurber cartoon.

Afternoon Holidays

You are wondering about the sex. Carpenter does not stint. There was the homosexual uncle who collected

Was he slumming in Spain and China? How could "The Court Poet of the Left," as Mendelson describes him, have come to support U.S. involvement in Vietnam? Did he desert England in his hour of need? Were his thin days and years after the war our fault, Kallman's or his own? Were they indeed thin? Mendelson and Carpenter don't think so; Edmund Wilson and Randall Jarrell disagree. But as Jarrell said: "One never steps twice into the same Auden."

After the poems, the documentary films, the librettos for Britten and Stravinsky, the anthologies and the aphorisms and the sex, what did he add up to? "I must have knowledge and a great deal of it," he said, "before I can feel anything." And: "Political social history would be no different if Dante, Michelangelo, Byron had never lived. Nothing I wrote against Hitler prevented one Jew from being killed. In the end, art is small beer." Too bad. We wanted him to be a great poet, and every once in a while he chose to be one.

John Leonard is on the staff of The New York Times.

Museum in Louvre To Get More Space

The Associated Press PARIS — President Francois Mitterrand said Thursday that the Ministry of Economy and Finances would be moved out of the Louvre Palace. The move means that the Louvre, home of such works as the Mona Lisa, the Venus de Milo and the Winged Victory of Samothrace, will be able to accommodate more visitors. More than three million persons a year see the Louvre's treasures and in summer waits of up to an hour to get in are not uncommon. With additional space, the museum will be able to display works of art in its store room.

Mr. Mitterrand did not say when the ministry, which has had offices in the Louvre since the last century, would move because offices for it have to be found.

PEANUTS



B.C.



B.LONDRIE



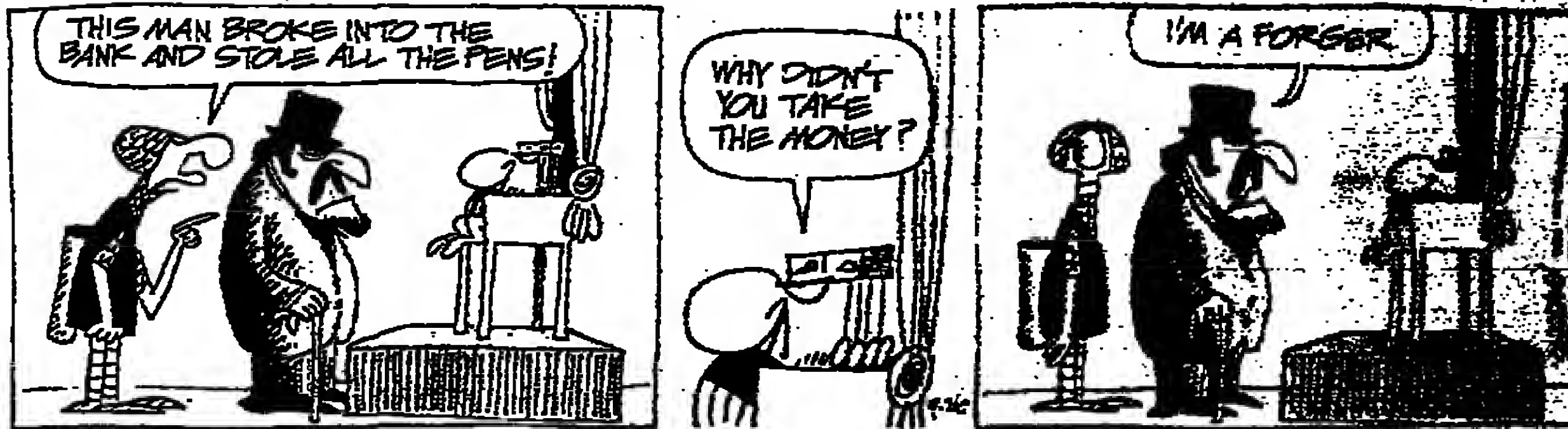
B.BEETLE



B.ANDY



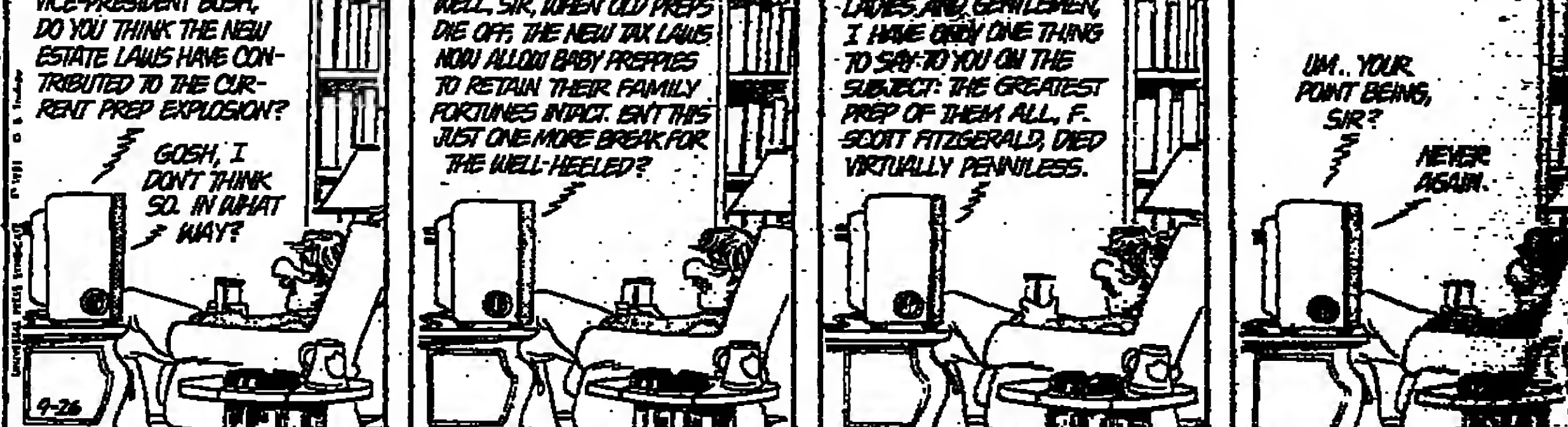
B.WIZARD



B.REX



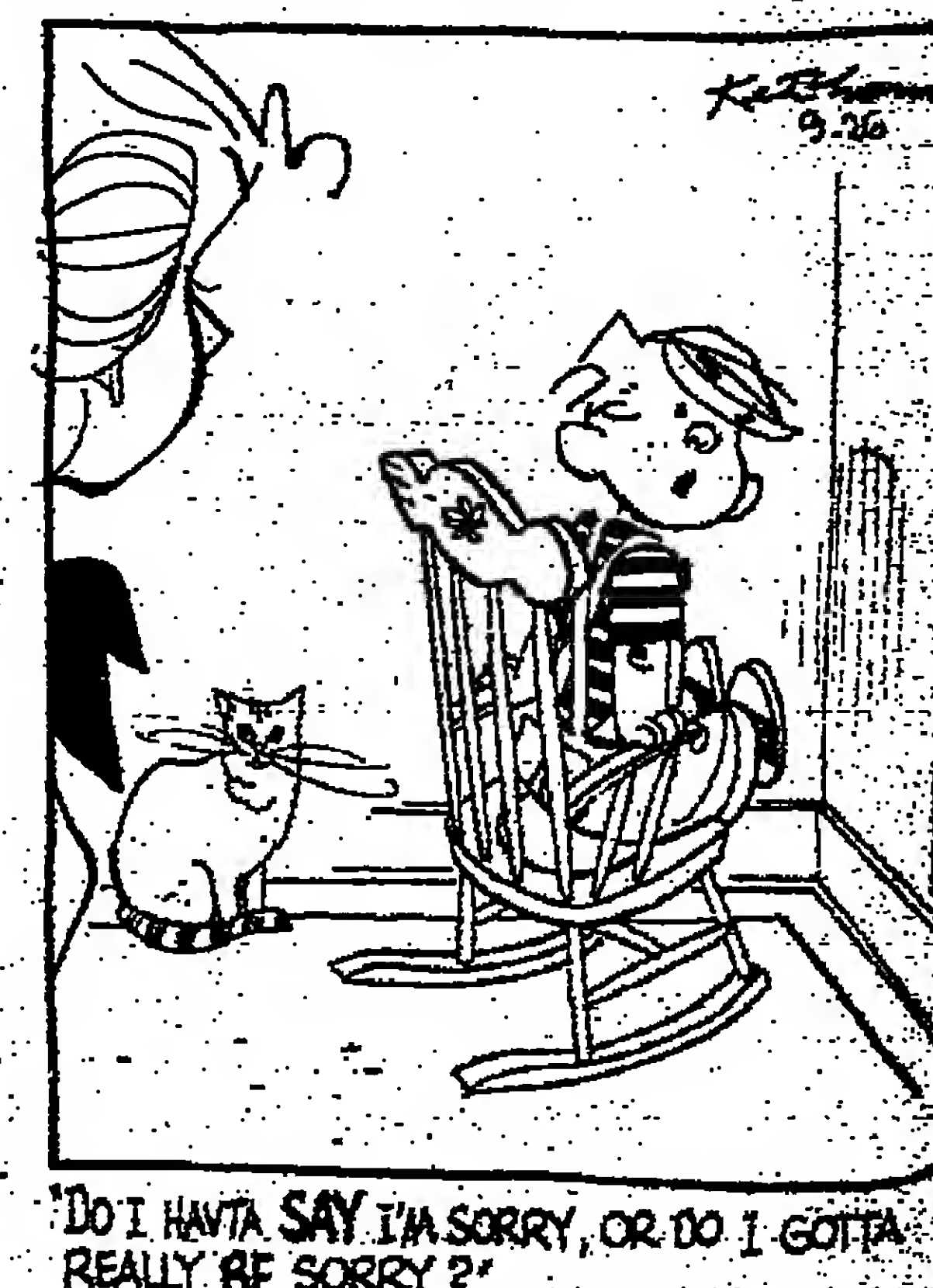
B.DOONESBURY



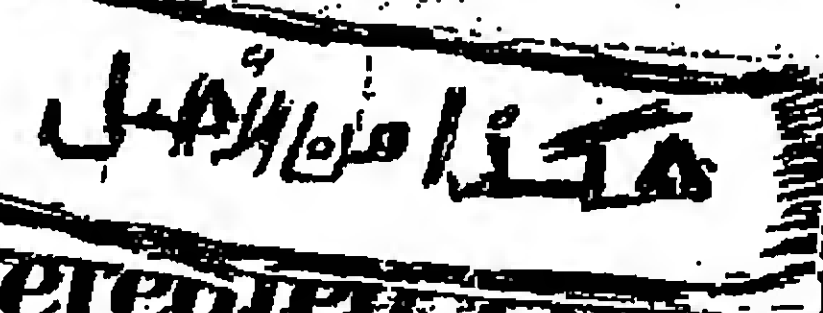
JUMBLE

A word game section titled 'JUMBLE' by Henri Arnold and Bob Lee. It contains four word puzzles with letters in a grid and a list of words to be unscrambled: YAPEE, ENGAM, SUPCAM, NOALOS. The answer is provided at the bottom: 'THE "VILE INN"'.

DENNIS THE MENACE



Advertisement for International Funds, September 25, 1981. Lists various investment funds and their values, including Alliance Intl., Bank Julius Baer & Co Ltd, Bank von Ernst & Cie AG, Britannia, Capital International, Credit Suisse, DIT, Fidelity, G.T. Management, International Income Fund, Jardine Fleming, Lloyds Bank, RBC, RTHS Child Asset Mgmt, Sapiro, Swiss Bank Corp, and Union Bank of Switzerland.



Appear Likely to Keep Winning

NEW YORK — All five unbeaten teams remain favored for the fourth week of NFL play. Dallas and Philadelphia are at home, but Miami, San Diego and Atlanta travel reviews of the games follow, with records in parentheses and the wagering line from Nevada sources.

San Diego (3-0) at Denver (2-1) — The Chargers' scoring machine may run into problems with the aggressive Bronco defense. Dan Reeves, the new Denver coach, has been queening a lot from a modest offense led by his one-time teammate, Craig Morton. Rich Farros, a 1980 rookie hurt last season, is the surprise regular halfback. Betting line: San Diego by 3.

Manning with their rookie, Dave Wilson, who looked good against the Giants. Guy Benjamin backs up the 49ers' Joe Montana. Either one will try a lot of passes against a weak defense. Betting line: San Francisco by 6.

American Conference
Miami (3-0) at Baltimore (1-2) — The Dolphins are handicapped because of injured running backs. Andra Franklin, a solid fullback, replaces Woody Bennett, who is out for the season. Tony Nathan is questionable. A.J. Duhe and Bob Amos are leaders of an outstanding young defense. The Colts have concern for Bert Jones, who has passed for only 208 yards. Betting line: Miami by 2 1/2.

N.Y. Giants (2-1) at Dallas (3-0) — The Giants must count on their passing game, Phil Simms, to keep them competitive against the Cowboys, who have allowed an average of 288 passing yards a game. But the big problem will be to take the ball away from Dallas, which has punted only 14 times. Betting line: Dallas by 10 1/2 points.

St. Louis (1-2) at Tampa Bay (1-2) — The Cardinals will continue playing Roy Green, their regular safety, also at wide receiver, until Mel Gray returns from the injured list. The unimpressive Buccaneers will introduce two new kickers, Bill Capece, who replaced Garo Yepremian, and Larry Swider, who succeeds Tom Blanchard as the punter. Betting line: Even.

Houston (2-1) at N.Y. Jets (0-3) — The Oilers' new offense, with Earl Campbell in a lesser role, has been pitiful. Stable no longer throws the long pass and was sacked eight times by Miami. Houston's defense is as strong as ever. The Jets have given up 100 points in three games and, if they continue at that pace, will exceed the league record of 501 set by the Giants in 1966. Betting line: Houston by 3.

Minnesota (1-2) vs. Green Bay (1-2) at Milwaukee — John Jefferson, the Packers' new wide receiver, says he is ready to play, but that will be up to Bart Starr, the coach. Del Williams, the new running back, is not ready. Tommy Kramer, the talented quarterback, is back in action, which makes the Vikings formidable. They have all but abandoned the running play. Betting line: Green Bay by 2 1/2.

Washington (0-3) at Philadelphia (3-0) — Wilbert Montgomery will sit out this game with injuries, but the Eagles do not need him. The Redskins, who have had almost no running attack, regain John Riggins, but Joe Washington is doubtful. The offensive line is a patchwork affair. Betting line: Philadelphia by 9 1/2.

Kansas City (2-1) at Seattle (1-2) — The Chiefs have many injured players, the most important the all-pro defensive end, Art Shell, out for a month with knee damage. They also need help at running back. These teams split last week, the scoring difference one point each time. Betting line: Seattle by 2.

New Orleans (1-2) at San Francisco (1-2) — Both quarterbacks are questionable. The Saints may replace Archie Manning with their rookie, Dave Wilson, who looked good against the Giants.

Aflans (3-0) at Cleveland (1-2) — The Falcons, who breezed through their first three games, will be missing two defensive regulars, Jeff Merrow and Joel Williams. After two losses, the Browns played well against Cincinnati. If their improved defense can somehow take the ball away from Atlanta, they will make this one interesting. Betting line: Atlanta by 2 1/2.

New England (0-3) at Pittsburgh (1-2) — The Patriots have been beating themselves, with 15 turnovers so far. Matt Cavanaugh is the new starting quarterback. The Patriots may be coming alive. John Stallworth caught eight of Terry Bradshaw's passes against the Jets for 134 yards. Frank Follard has replaced Sidney Thornton at halfback. Betting line: Pittsburgh by 4 1/2.

Oakland (2-1) at Detroit (1-2) — They have not met since 1978, and each has had a big turnover since then. With their fullback, Mark van Eggen, out, the Raiders are now missing five injured regulars. Betting line: Oakland by 2.

Los Angeles (1-2) at Chicago (1-2) — In spite of sore ribs, Pat Haden is to start again as the Rams' quarterback in this National Conference game. The disappointing offense has averaged 281 yards. The Bears will be without Dennis Lick, their offensive tackle who has not missed a game in five seasons. They played well against the Bucs and did not fumble after eight fumbles in their first two defeats. Betting line: Even.

National Football League Standings

AMERICAN CONFERENCE				NATIONAL CONFERENCE			
Eastern Division	W	L	Pct.	Western Division	W	L	Pct.
Miami	3	0	1.000	Dallas	3	0	1.000
Baltimore	2	1	.667	Philadelphia	3	0	.750
New England	2	1	.667	N.Y. Giants	2	1	.667
N.Y. Jets	0	3	.000	St. Louis	2	1	.667
	4	100	.000	Washington	1	2	.333
Central Division				Eastern Division			
Cincinnati	1	2	.333	Detroit	2	1	.667
Pittsburgh	1	2	.333	Green Bay	1	2	.333
Cleveland	1	2	.333	Chicago	1	2	.333
	2	3	.400	Minnesota	1	2	.333
Western Division				Western Division			
San Diego	3	0	1.000	Tampa Bay	1	2	.333
Kansas City	2	1	.667	Atlanta	1	2	.333
Denver	2	1	.667	Los Angeles	1	2	.333
Seattle	1	2	.333	San Francisco	1	2	.333

Revived Royals Down Twins, 9-2

From Agency Dispatches
KANSAS CITY, Mo. — Amos Osis and Willie Wilson drove in two runs apiece as the Royals broke out of a hitting slump with a 3-2 victory over Minnesota Thursday night to move back into first place in the American League West. The result gave Kansas City a half-game edge over idle Oakland and a 3 1/2-game lead over the third-place Twins.

Beanballers Risk Suits — Steinbrenner

NEW YORK — After another knockdown incident involving Reggie Jackson, George Steinbrenner, the Yankees' principal owner, says the team will file every lawsuit that he threatens to file against pitchers suspected of throwing at Yankee hitters.

Amateurism Criticized as Outdated, Unfair

BADEN-BADEN, West Germany — Demands for a new code of eligibility, designed to eliminate sham amateurism, were made Friday at the 11th Olympic Congress.

Thursday's Major League Line Scores

NATIONAL LEAGUE	W	L	Pct.
San Francisco	3	0	1.000
Los Angeles	2	1	.667
San Diego	2	1	.667
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1	2	.333
Chicago	1	2	.333
Montreal	1	2	.333
Pittsburgh	1	2	.333
Cincinnati	1	2	.333
Cleveland	1	2	.333
Baltimore	1	2	.333
New York	1	2	.333
Miami	1	2	.333
San Diego	1	2	.333
Atlanta	1	2	.333
Philadelphia	1	2	.333
St. Louis	1</		

